JPRS-LAM-86-081

29 AUGUST 1986

Latin America Report

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CHILE REPORTS HIGHEST INDUSTRIAL GROWTH RATE IN LATIN AMERICA

Santiago EL MERCURIO in Spanish 24 Jul 86 p B3

[Text] The Economic Commission for Latin America (ECLA) has reported in its summary of the Statistical Yearbook of Latin America and the Caribbean that Chile's manufacturing industry posted the fastest growth in the entire region.

The figures for industrial output in 1984 show that whereas the average growth rate of the manufacturing industry in Latin America was 4.9 percent, it hit 9.8 percent in Chile.

Of the 19 countries on which the report contains data, 4 posted negative growth during the year in question: Bolivia (-15 percent), Ecuador (-5 percent), Haiti (-1.7 percent) and Panama (-0.1 percent).

This is an improvement, inasmuch as in 1983 10 countries showed drops in industrial output, while the regional average was minus 4 percent. In 1983 Chile posted a 3.1 percent growth rate, behind Argentina (10.8 percent), Haiti (5.6 percent) and Nicaragua (4.6 percent).

In 1984, in contrast, most nations posted increases in this sphere. In addition to Chile, which was the leader in industrial growth, Costa Rica (9), Colombia (6.3) and Brazil (6) also posted outstanding performances.

The other nations recorded growth rates below the regional average: Mexico (4.7), Paraguay (4.5), Argentina (4.3), Peru (3.9), Uruguay and Venezuela (2.8 each), Honduras (2.2), El Salvador (1.8), the Dominican Republic (1.2), Guatemala (0.4) and Nicaragua (0.2).

The chart published by ECLA shows that from 1980 to 1984 almost no Latin American country included in the study escaped recession. The only one that did in the industrial sector was the Dominican Republic, which posted growth in all of the years in question.

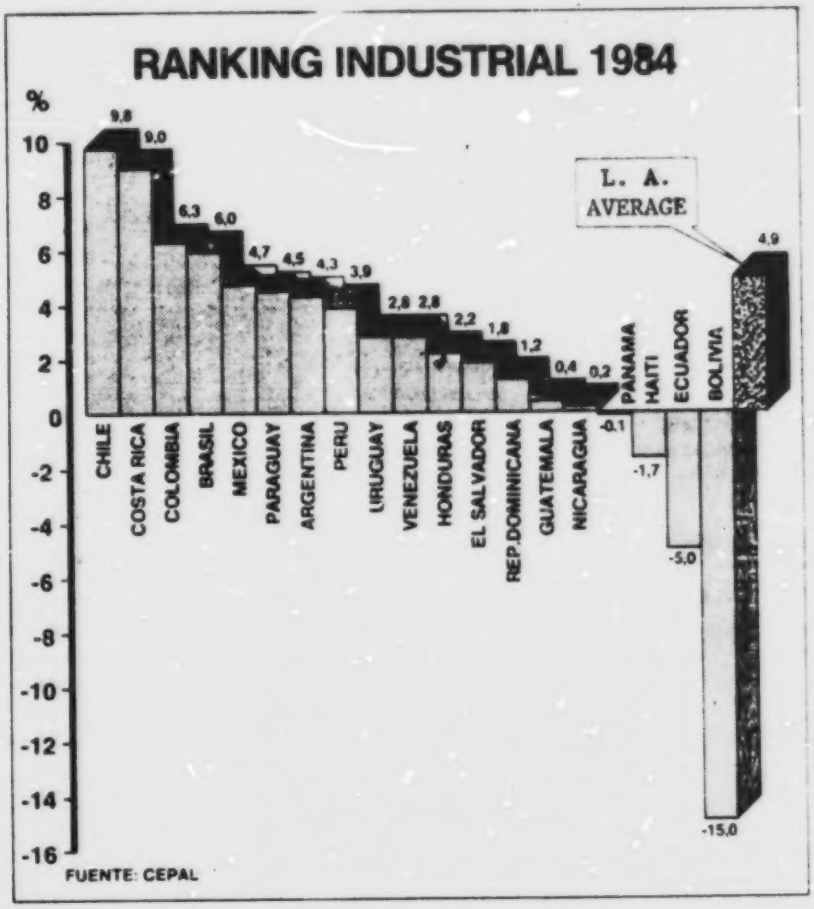
1975 to 1980

One of the charts published by ECLA is a comparative study of the industrial performance of the same countries from 1975 to 1980; it shows that the average annual growth rate was 7.6 percent for the region.

Chile recorded an average yearly growth rate of 7.4 percent during this period. The fastest growth rates during this period were recorded by Brazil (16.7 percent), Bolivia (9.4), Argentina (8.4), Honduras (8.2) and Nicaragua (8), among the nations that exceeded the average.

Then come Venezuela (7.5 percent), Chile (7.4), Paraguay (6.8), Guatemala (6.1), Costa Rica (5.6), the Dominican Republic (5.5), Haiti (4.8), Colombia (4.4), Panama (2.3), Mexico (2.2) and El Salvador (0.3).

The only countries that posted declines in their manufacturing industry during the period in question were Peru and Uruguay, with average yearly drops of 2.7 and 2.1 percent, respectively.



8743
CSO: 3348/728

ECUADORAN INDUSTRY MINISTER ON TRADE ACCORD WITH COLOMBIA

PA250350 Quito Voz de los Andes in Spanish 1130 GMT 24 Jul 86

[Text] Xavier Neira Menendez, Ecuadoran minister of industry, commerce, integration, and fishing, has reported that, as the result of a commercial agreement, Ecuador will sell as much as $50 million worth of products to Colombia during the second semester of this year.

[Begin Neira Menendez recording] There is a consequence implied in this commercial agreement. Commercial trade trends begin to become more autonomous to the extent that products cease to be subjected to export quotas. Only to this extent, the (?products) that enjoy this advantage will be able to enter the other country's market without limitations other than those imposed by this market's needs. I feel satisfied over the autonomy of the Ecuador-Colombia commercials relations. In some cases, this relationship is the result of very cordial political relations and the excellent political climate between the two governments. I feel this climate will continue to exist with the Liberal government of President Virgilio Barco, who will assume office on 7 August.

According to the agreement signed, Ecuador will export $45 and $50 million worth of products during this semester. During the same period, Colombia will export between $25 and $40 million to Ecuador. If these estimates prove correct, by the end of 1986, the two countries will have traded nearly $190 million. Such a flow of trade between the two countries has never occurred before, even during the best years. I can say that, in the best years, Ecuador's exports to Colombia...[changes thought] well, these exports amounted to $133 million in 1983, but this figure includes $98 million worth of crude oil. We have to deduct the sale of oil from our calculations because it should have been left out. Ecuador's best year of exports to Colombia was 1980, when we exported $93 million. If the estimated figure of $290 million of overall trading during this year proves true, I think at least $110 million would correspond to Ecuador's exports. [end recording]

/9274
CSO: 3348/718

HAVANA RADIO ON NATIONAL DEBT, REFERENDUM

PA280330 Havana International Service in Spanish 0000 GMT 27 Jul 86

["Note" read by Juan Elias Escalona]

[Text] The Bolivian foreign debt grows to $4 billion. Very little information regarding the economic crisis faced by this South American country is necessary to understand that it is materially impossible to pay such a huge debt. In the past 5 years, Bolivia's gross national product has dropped by 32 percent while the prices of the raw materials it exports dropped considerably. The price of tin, Bolivia's main export, is three times less than the production cost.

Following the orders of the IMF and the formulas established in the Baker plan, [President Victor] Paz Estenssoro's government is bent on paying the foreign debt that, as everyone knows, is constantly growing because of the interest and other tricks of the Western banks. To achieve his purpose, Paz Estenssoro has imposed on the workers the rules of those two financial entities which are dominated by the United States. Some of the consequences of this policy were a reduction in wages and the firing of more than 58,000 government workers. It would not be pointless to mention that one-third of the Bolivian urban population is unemployed and that the rest of the population is living in an economy that can be described as underground, that is, from the illegal sale of cars, drug trafficking, and contraband. However, the last straw of the U.S. bank's impositions to allot new loans to Bolivia seems to be the tax amendment that the government is sponsoring. In essence, this tax amendment represents more sacrifice on the part of the workers, most of whom are against the strategy of the authorities.

On Friday, a referendum was held in the country. The referendum was called by the Bolivian Labor Federation [COB] and its trade unions, and it was aimed at getting the opinions of the Bolivian people regarding the payment of the foreign debt and the tax amendment. From the very beginning, Paz Estenssoro's government was opposed to this referendum, and some paramilitary groups even carried out acts of violence against the voters and stole ballots and ballot boxes.

In the mining city of Oruro, Bolivian Army soldiers occupied the offices of the Construction Workers Federation.

Even though the government is trying to present the referendum as a failure, all the reports agree that there was mass participation. The results of the people's opinions regarding these important matters will be made public on Monday. The analysts have said that a rejection of the government's economic policy will make Paz Estenssoro's antipopular strategy even more difficult.

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CSO: 3348/713

GOVERNMENT COOPERATION IN ARMS MARKETING YIELDS RESULTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jul 86 p 2

[Article by Zenaide Azeredo]

[Text] The Brazilian Government has decided to become fully involved in the profitable and sensitive arms market. To this end, it is sending representatives of the Foreign Relations and Army ministries along on business trips abroad by enterpreneurs in the arms sector.

General Jose Albuquerque, chief of the Army Department of War Materiel, and Ambassador Luiz Vilarenho, of the Trade Promotion Department of Itamaraty, have just returned from a lengthy tour of Europe, Asia and Africa, accompanying three Sao Paulo businessmen. It was a 25-day trip, covering 10 countries on 3 continents.

According to military officers connected with the weapons sector, the results of this new arms export policy have been noteworthy. Since the government decided to help out the nation's businessmen, "new markets have opened up and others have been consolidated," said a high-level source.

They even believe that this collaboration is so important that, on the next business trip in which the Brazilian Government participates, a new and complex market could be added to the circuit: the United States.

This certainty was reached during a joint Brazilian/ U.S. meeting to exchange military technology, held this week. With 20 entrepreneurs from the war materiel sector and an 8-member U.S. committee, led by Army Undersecretary James Ambrose, parcicipating, the conference was promoted and sponsored by the Brazilian Army, with the General Staff and the War Materiel Department taking the lead.

Although the meeting will not bear results until after the official visit of General John Marsh, U.S. secretary of the army, which is scheduled for September, the Brazilian military believe that the primary importance of the meeting lies in the fact that this is the first contact between the U.S. Government and the Brazilian businessmen.

According to one of the participants, the greatest merit of this contact is that the nation's entrepreneurs had an opportunity to express their views regarding the restrictions imposed on the exportation of arms produced under contract with North American companies.

In fact, according to businessmen and military officers, this was the crucial point of the conference. On one side, the Brazilian officers and businessmen were saying that they do not accept the restrictions on exports, which is why they prefer to acquire technology through the European market. On the other side, the North Americans were expressing their interest in associating with Brazilian companies and admitting the possibility of transferring specific technology which has already been released by the U.S. legislature because it is not of the latest generation. This is the case, for example, of the nocturaal vision technology (to be used in combat vehicles and in aid to directional fire equipment), which is still sought by Brazil but which has already been superceded in the United States.

This is one matter which was practically settled during the meeting. However, there is still the question of the transfer of state-of-the-art technology, which is restricted by the U.S. Congress. According to Jose Luis Whitaker, president of ENGESA [Specialized Engineers, Inc], the major interest is in the transfer of this more sophisticated technology, inasmush as ENGESA's import market is demanding it. For example, the Osorio tank, which was made without using any part from U.S. companies, is considered to be a sophisticated tank. Whitaker is optimistic, however, and thinks the United States will make some concessions on this question. According to another businessman, if there are no concessions on this point, the Brazilians will continue to avail themselves of the European market, which gives complete satisfaction with regard to the quality of the material produced. For the North Americans, this lack of interchange has quite an effect, not only from the commercial but also the political standpoint.

6362
CSO: 3342/162

GOVERNMENT WEIGHS POLITICAL IMPACT OF NEW ECONOMIC MEASURES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jul 86 p 6

[Article by Carlos Chagas: "Sarney Already Thinking of 21st Century"]

[Text] The government's major concern yesterday had to do with the political repercussions of the economic measures announced last evening by President Jose Sarney. Even given the general good will, Planalto Palace is aware that it is promoting an increase in the prices of gasoline, alcohol and new and used automobiles, even if it is in the form of a compulsory loan. The middle class is going to have to pay more to get around and there will be increasing protest from many producers, especially producers of foodstuffs, because of the cost of transport. Not all the trucks which transport these goods use diesel oil, which will be exempt from the compulsory loan. The most conservative sectors will protest and could stir up part of the middle class.

The government must also worry about the ideological factor. Making it easier for foreign capital to acquire shares of Brazilian companies, public and private, on the Rio and Sao Paulo exchanges will set off the old catch phrases and will certainly stir up part of the PMDB [Brazilian Democratic Movement Party]. Above all, it will provide grist for the mill of the radical Left.

Since it should stir up reactions on one side and the other, the package laid down yesterday could have repercussions in the November elections and, for this reason, the government will seek to explain it and dissect it as fully as possible, to win over public opinion. The measures will serve to keep the inflation stifled, but the central aspect to be set forth by the government has to do with the funds which will be directed to the social service sector from now on. The revenues collected by the state from the sale of shares in state companies and from the compulsory loans will be destined primarily for the social assistance programs. They will certainly benefit private enterprise as well, through the modernization programs.

This is how the New Republic will counter the inevitable wave of criticism and it was for this reason, among others, that President Jose Sarney decided to adopt the economic adjustments now: to allow time, from now until the elections, to see at least some of their objectives achieved. If the public perceives, for example, that the plans to distribute milk to the needy are really put in practice in the community, it will understand better the reason for the increase in the price of

gasoline and alcohol. If the job market expands because of the programs implemented in the companies, it will not be difficult to explain that this is the result of the sale of shares in the state companies or the greater influx of foreign capital.

The Liberal Front Party attempted to resist the compulsory loans, even obtaining a reduction in the rates in the case of fuels and used cars. The PMDB, while mindful of the effects of the increases, focused its fears on the matter of facilitating the entry of foreign capital and the remittance of profits.

Sarney is prepared for the various political consequences of his actions. He hopes to obtain understanding from the Democratic Alliance by means of dialogue. There was no alternative to the package, if our path is in the direction of social betterment. Resources had to be found. Inflation was also threatening to put in an appearance again and now it can be firmly maintained at rates close to zero.

There were those who advised the president to hold off on the present economic reforms until after November, but he resisted. He does not want to do as previous governments have done time after time, adopting unpopular measures after elections, never before them. His planned goals, also divulged yesteray, are aimed at improving the quality of life of the common citizen. He will pound home this message and direct ministers, aides and allies, including the PFL [Liberal Front Party] and the PMDB leadership, to do the same. As for the petards in preparation by his opponents, it is important to repel them. Sarney knows that he can expect criticism from Paulo Maluf and Leonel Brizola, as well as attempts to distort the package and make political hay with it, but he believes that an aware and informed public will be able to separate political exploitation from factual reality.

There is no doubt that the present moment is a delicate one for the government, but, as one of the president's principal aides repeated again yesterday, the administration of the New Republic is continuing to make its action crystal clear. The problems are not denied; the corrections are not put off; and, above all, the objectives are stated, As Sarney said to colleague Carlos Castello Branco, a strategy is being developed which is intended to prepare the country for entry into the 21st century.

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CSO: 3342/162

POLL PUTS MALUF AHEAD IN SAO PAULO GUBERNATORIAL RACE; REACTION

Rio de Janeiro O GLOBO in Portuguese 3 Jul 86 p 3

[Text] Sao Paulo--Favored by 33.2 percent of the electorate, Paulo Maluf, the PDS [Social Democratic Party] candidate for governor of Sao Paulo, came in first in the latest survey conducted by IBOPE (Brazilian Public Opinion and Statistics Institute). Maluf was followed by Orestes Quercia (PMDB [Brazilian Democratic Movemnnt Party]), with 24.2 percent; Eduardo Suplicy (PT [Workers Party]), with 16.4 percent; and Antonio Ermirio de Moraes (PTB [Brazilian Kabor Party]), only 0.1 percent behind Suplicy. The results of the survey leaked out and the client telephoned the institute to complain. Respecting the contractual clause which called for secrecy, the IBOPE directorate did not reveal who ordered the survey and said that it had taken steps to prevent a leak, which, according to the institute, could have accurred in the client's "own office."

"With respect and humility" was how Paulo Maluf received the results of the survey. He hopes to improve his score even more, winning over the "neediest and poorest" voters. According to the PDS deputy, "they recognize who has already worked on their behalf."

"And don't count on me to lower the level of this campaign," Maluf warned, promising to fight his opponents on a high plane and in an instructive manner. "I am going to continue to conduct a noble, refined campaign, with proposals and programs for government."

According to the PDS deputy, his PMDB opponent, Orestes Quercia, is "defeated." Maluf sees Deputy Ulysses Guimaraes' willingness (denied) to run for state governor as an "auspicious" sign, but he said that even the national president of the PMDB would lose the election because of the support of Governor Franco Montoro. Paulo Maluf is in favor of two rounds of elections; he feels that the one who wins the first round will inevitably win the second one," and hence he would not hesitate to vote in favor of the two rounds. To those who accuse him of not being the best candidate in a democratic regime, Maluf replies:

"It was President Tancredo Neves who stated publicly that the New Republic rested on two pillars. So I believe that the New Republic is owing to me and to President Tancredo."

Deputy Eduardo Suplicy, the PT candidate, said yesterday that two rounds of elections and the prohibition of the abuse of the economic power would be the most effective way of defeating the PDS candidate on 15 November. According to Suplicy, the system of two rounds is the most democratic way of showing Deputy Paulo Maluf for what he is: "a candidate who did not respect the refusal of his party bench to vote against the direct elections and who repressed the labor movements in 1979 and 1980."

Preferred by 16.4 percent of the voters in the state, Suplicy rose to third place, 0.1 percent ahead of PTB candidate Antonio Ermirio de Moraes (16.3 percent). Suplicy considered this a positive result, saying the other three candidates had spent fortunes. "We have not spent anything," he added.

Yesterday, Suplicy took part in a meeting with a committee of employees of the Votorantim Group--which is Antonio Ermirio's company--to hear complaints about the working conditions.

"If it is all going to be based on surveys, my adversaries can invite Paulo Maluf to compete in the convention."

With this statement, PMDB candidate Orestes Quercia sought to put an end to the speculation that was growing yesterday in PMDB circles about changing their candidate.

Quercia said he had been informed about the IBOPE survey, which put him in second place, by Governor Franco Montoro.

"I consider (the survey) good, but I would reiterate that the survey is a picture of the moment and there are ups and downs."

According to Franco Montoro, Quercia did not go down; he continues to hold on to his percentage in polls conducted by other opinion institutes.

"In the case of this survey, if we add the percentage in favor of Quercia to the votes for Ermirio, we would have the rebuilding of the democratic center, cabable of winning any election easily," Montoro said.

According to Montoro, Antonio Ermirio's votes are migrating to other candidates, but he says the campaign has not begun yet and the people have not settled on their candidates.

The reaction of Antonio Ermirio, who came in fourth, was as follows:

He said his candidacy is againt Paulo Maluf, of the PDS, and that he is "not concerned" about the survey results reported by the press. According to Ermirio, this is simply an attempt to undermine his name. He asked:

"Why are they throwing so many rocks at Antonio Ermirio? There must be some reason."

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CSO: 3342/162

BRIEFS

EMBRAER MOVES TO AEROSPACE--Sao Jose dos Campos--Very soon, EMBRAER [Brazilian Aeronautics Company] will no longer be just an airplane manufacturer and will begin to operate in a much broader area, aerospace, meeting orders from the country and from abroad for materials, components and parts for planes, satellites, rockets and other products. In a still indefinite future, this expansion could lead to the formation of a "holding" to administer the EMBRAER complex. Ozilio Carlos da Silva, director-superintendent of EMBRAER, admitted this yesterday, during a press conference just before he was installed in the post by General Julio Moreira, minister of aeronautics. "Remember," Ozilio Silva said, "that all the great aerospace complexes in the workd began with a small airplane plant." The superintendent reported that, in the Federal Government and in the Aeronautics Ministry, this strategy is being defended, for the time being, only as an intent to lead EMBRAER to operate in other areas. He also recalled that, last year, the industry performed its first tasks in connection with the Brazilian space program, using advanced tecnology for metal/metal bonding, industrial chemistry and the fabrication of parts from composite materials to assemble the first Brazilian satellite, designed by the Space Research Institute. "For the time being," Ozilio Silva commented, "our pretensions are modest; we are thinking about what we can do in terms of parts and components or services for the space program and space research rockets." According to Ozilio Silva, EMBRAER's priority in the next 30 days will be a study of market conditions and of the accelerated manufacture of light planes. [Text] [Rio de Janeiro O GLOBO in Portuguese 13 Jul 86 p 35] 6362

CSO: 3342/162

CALDERA PORT EXPANSION TO BENEFIT FRUIT EXPORTERS

Santiago EL MERCURIO in Spanish 24 Jul 86 p C9

[Text] Some $2 million in private investment to improve the port facilities at Caldera will enable the produce from the Copiapo Valley to be shipped overseas from there. The construction program, which is already under way, will help fruit growers in particular, boost the economy of the Second Region and provide many jobs.

The above was stated by Eugenio Bernales, the general manager of Dicaser (Distributor of Coal and Port Services), which has just obtained a lease on the wharf at Caldera. The company is currently operating at the Las Mulatas wharf in Valdivia, El Durazo in Quintero and number 5 in Tocopilla.

"When we unloaded several shipments of Schwager coal for the Paipote plant a while ago at Caldera," he said, "we noticed what bad shape the port was in, having been damaged by swells and earthquakes. Our company became interested in investing in it, if we could take over the lease, which we did.

"We will undertake the port improvement project in two stages. The first, on which work has already begun and should finish in 3 months, involves closing down the port, putting in offices, water, lighting and pavement. The second stage, which we hope will begin next year, will include the expansion of the wharf, which will enable vessels of deeper draft to dock there. The two stages will require an investment of about $2 million."

He explained that fruit from the Copiapo Valley, primarily grapes for export, has become an extremely important item in the economy of the Second Region. The hope is that shipments will hit 2 million crates during the 1986-1987 season and rise to 4.5 million afterwards.

"At the moment we are talking with the exporters and growers about channeling future shipments through Caldera. Inasmuch as this port did not have a suitable wharf of sufficient depth, which we plan to provide, the shipments have till now gone through Coquimbo, with the resulting higher freight charges because of the greater distance and the damage to the fruit because of the longer trip. The distance from the growing regions to Coquimbo is between 400 and 600 kilometers, whereas it is just 70 to 140 kilometers to Caldera."

Other markets that Dicaser plans to serve are coal, fish meal and National Copper Enterprise copper anodes. The latter are shipped overland to Chuquicamata and Ventanas. These are the immediate plans, Bernales stressed; in the long run, sulfur, phosphorite and other minerals could be considered.

He went on to say that Dicaser's presence in Caldera is of great importance. Offices will be installed; there will be greater port activity and, therefore, more jobs for longshoremen and in wharf repair work. Fruit growers and exporters will be major beneficiaries because shipping out of Caldera instead of Coquimbo will save them considerable sums of money.

8743
CSO: 3348/729

HOUSING MINISTRY AIMS TO BUILD 25,000 UNITS ANNUALLY

Santiago LA NACION in Spanish 2 Jul 86 p 32

[Text] The 3-year period from 1986 to 1988 will be decisive in the attack on substandard housing, said Housing and Urbanization Minister Miguel Angel Poduje, who explained that although the percentage of families living in such housing cannot be determined, the National Applicants Register that the ministry keeps currently lists some 230,000 people.

"In any event," he added, "construction for these purposes exceeds 25,000 homes a year. We are thus unquestionably taking care of the three lowest levels on the poverty scale, but we must keep on working and making headway. Meanwhile, other people are mobilizing around the word 'destruction.'"

Minister Poduje made these remarks at the close of the ceremony inaugurating the 846-unit "El Nocedal" housing complex in Puente Alto. These units are earmarked for low-income families under the application system, which is for the underprivileged.

"This is the answer to those people," he said. "This is the best and most conclusive way of telling all of Chile that this is the way to build: by the hard work and sweat of all Chileans. There is no other way to get along together, and we are doing this for Chile, for Chileans and for the future of our children."

The minister stressed the need to carry on this effort tirelessly "so that we can keep on making headway, because the light of Chile is the light of tomorrow, and that light can be lit today only through hard work."

Six couples received the keys to their new homes on behalf of 846 families, and Gustavo Salas Gonzalez thanked the government on behalf of all the beneficiaries, who will now be leaving the camps and makeshift housing that they have lived in for years.

Poduje also talked about the current housing shortfall of some 370,000 units, which can be gradually overcome now that construction has rebounded. Last year construction was up 16.1 percent, the biggest rise of any sector of the economy. According to the National Statistics Institute, the increase this year will be about 10 percent.

"We should also keep in mind," he emphasized, "that the cost of basic housing is between 160 and 255 UF's. This is a standard for the world, as we can see from the IBRD's description of our housing policy as a strategic model for Latin America among the international agreements that it is pursuing."

Storm Victims

He also reiterated that 390 housing units would be built for the victims of the recent storm in Lontue, Rengo, San Fernando and Licanten. This assistance will be complemented by the rural subsidy, whose regulations will be applied this month and are being finalized by the National Associations of Agriculture and Mining.

"Furthermore, we are tackling the countryside's housing shortage in the farm hamlets and the fishing and small-scale mining villages, in other words, the broadest range of rural life."

He stated that the emergency caused by the storms would entail a rechanneling of funds from current spending, clarifying that it would not affect regular programs.

8743
CSO: 3348/729

HOUSING MINISTRY TO COMPLETE LARGEST PROJECT IN SEPTEMBER

Santiago LA NACION in Spanish 9 Jul 86 p 32

[Text] In September another 10,000 low-income earners will enjoy the benefits of individual private ownership with the aid of the subsidy that the government is providing to eradicate substandard housing. The program will reach its peak in the 3-year period from 1986 to 1988, as some 223,000 people are currently enrolled in the National Applicants Register.

All of these people, who have so far been living in makeshift housing [cites] or camps, will be able to buy their own homes in the 2,056-unit "Valle Azapa" housing development.

The "model housing development" consists of 756 three-story apartments and 1,300 two-story units. It also offers a soccer field, community facilities and a large school.

The project, which is being built by the construction firm Hepner y Munoz Ltd in Renca, was given this name because of the huge amount of solid construction work that it involves and because it is the largest such project under way in the country.

Work on the project began in August of last year, and its inauguration is scheduled for this September. Located in the district known as "EL Perejil," the apartment blocks cover 27 hectares and consist of 6 million "princesa" bricks, with the corresponding electrical and plumbing fixtures.

Inspection

While the construction company completes the final stage, personnel from the Metropolitan Housing and Urban Development Service (SERVIU) are conducting the required inspections before proceeding to assign the units.

This project is another of the specific activities and initiatives that the Ministry of Housing and Urbanization is undertaking in its major effort to do away with substandard housing. It is putting up an average of 25,000 housing units a year.

Their cost, between 160 and 255 Unidades de Fomento, is a standard for the rest of the world, as has been emphasized by the Inter-American Bank for Reconstruction and Development (IBRD). Referring to the international agreements that it has signed, the IBRD has described Chile's housing policy as a "strategic model for Latin America."

8743
CSO: 3348/728

NEIGHBORHOOD PARTICIPATION REPORTEDLY ADVANCING GOALS

Santiago LA NACION in Spanish 11 Jul 86 p 32

[Text] As foreseen at the outset of various urban development projects, among them street lighting, multipurpose athletic fields and a polyclinic, the three "Municipality in Your Neighborhood" programs that the city of Santiago has undertaken this year in various districts have been a success.

Representatives from all the departments of city hall, headed by Mayor Carlos Bombal, yesterday visited the district represented by the Seventh Group of Neighborhood Boards and bounded by Rooth-Carmen, Portugal-Argomedo and 10 de Julio-Lira streets.

The mayor gave a rundown of the program, indicating that it has been of great benefit to local neighborhoods. He explained that although city hall is physically present in a district today, it has previously been working for an average of 60 days alongside local residents to identify their needs, problems and advantages. He added that the advantages of the district visited yesterday were its nearness to downtown and its many shops and schools. Offsetting this are the crime, prostitution and homosexuality that are common there. He disclosed in this regard that he would meet personally with the zonal chief of the metropolitan region to crack down on them. "We are convinced," he noted, "that to improve the neighborhood we must provide incentives for the creation of new urban areas, by amending laws and passing new ones to encourage private investment. We will also request a greater police presence, and a Carabineros station might even be set up in this district."

He went on to say that in this regard all existing legislation is being reviewed so that local officials, together with upper-level housing or central government authorities, can look into the possibility of gradually modifying structures so that ultimately building or remodeling projects can be undertaken in west central and south central Santiago. "In this regard, private investors will be in charge of bringing progress to the city and lifting it up from the stagnation and decay that it has fallen into," he remarked.

Participation

The "Municipality in Your Neighborhood" program, which arose in direct response to the president's instructions that efforts in the communities be made on site, has generated major projects and, what is more, fostered the involvement of local residents in solving their own problems.

For example, lighting is about to be installed on Martinez de Rozas and Andes streets between Brasil and Cumming, under the so-called "hand to hand" system whereby the locals cover half of the cost and the municipality the other half.

In addition, new neighborhood boards have been set up; a merchants committee to improve the Brasil-Agustinas district is in operation; streetlights will be installed in the Copiapo-Roberto Espinoza district and on San Ignacio and 10 de Julio streets; a multipurpose athletic field will be set up at the corner of 10 de Julio and Lord Cochrane; and a polyclinic will be opened for the Brasil and Matucana district.

Concurrently, trees are being pruned; roots are being treated; trash pickups are being improved; stores that sell alcoholic beverages under the table are being closed down; sidewalks in poor condition are being repaired; vacant lots are being closed off, and rundown buildings are being demolished, among other things.

8743
CSO: 3348/729

4 BILLION PESOS SPENT ON AID TO EARTHQUAKE VICTIMS

Santiago LA NACION in Spanish 14 Jul 86 p 32

[Article by special correspondents Flor Ayala and Roberto Guerrero]

[Text] San Antonio--Four billion pesos were spent in 1985 in this city on reconstruction projects in the wake of the emergency triggered by the earthquake on 3 March of that year.

The projects are highly visible in the community, as a visitor to San Antonio today sees construction and road works everywhere, from downtown to the surrounding hills, where streets and sidewalks are currently being built to prevent rain-caused landslides.

A great deal of money is being invested in all these areas. Some 150 million pesos have already been spent on urban roads, another 1.5 billion on drinking water and sewerage projects, and 60 to 70 million on repairs at the local hospital.

"As you can see," Col Eugenio Videla, the governor, told LA NACION, "San Antonio is not abandoned. It is true that there are problems, but it is also true that we are working to get ahead."

Furthermore, during last year and this more than 1,000 permanent housing units have been built and handed over to the same number of families that were victims of the earthquake.

"But that is not all," the governor went on to say, "inasmuch as another 870 solid homes are about to be handed over, and in September there will be a call for bids on the construction of another 120 housing units. In this regard, I am in a position to assert that in no other city in Chile have so many housing units be handed over in proportion to the number of residents. This obviously represents progress and hard work."

8743
CSO: 3348/728

350,000 FAMILIES GRANTED OWN DWELLINGS

Santiago LA NACION in Spanish 14 Jul 86 p 32

[Text] "The Supreme Government is deeply devoted to the family. It represents the children, the wives and the husbands of our homeland, and we are working for them. An essential element of this link between the government and the governed is the right to own one's own home, which lends dignity," said Miguel Angel Poduje Sapiain, the minister of housing and urbanization, at the close of the ceremony in the amphitheater of San Miguel Municipality during which 1,441 title deeds were handed out.

"There is nothing like the dignity of owning one's own home. It entails both a right and a duty: the right to enjoy what is one's own and the duty to respect something that has been earned through hard work, not received as a gift."

A Weapon in the Struggle

In recent years the Housing Ministry has awarded 350,000 title deeds in urban areas around the country, 150,000 of them in the metropolitan region.

The housing minister remarked that "housing is a weapon in the struggle that many have not waged, that many preach about and rent their garments over. These 350,000 families are part of a structured society. This annoys those other people greatly because more than a million people are thus against collectivism, against misguided paternalism."

The presentation of the deeds to residents of the communities of San Miguel and San Ramon began at 1030 hours in the amphitheater in San Miguel. The rest were handed out during a similar ceremony in San Ramon.

The people whose ownership was formally legalized were residents of the "Veinticinco de Septiembre," "Doce de Octubre," "Los Maitenes," and "Los Troncos" districts in San Miguel and La Cisterna and the "Jorge Prat Echaurren" district in San Ramon.

Attorney Ramon Gutierrez, the metropolitan regional ministerial secretary of housing, spoke at both ceremonies, which were also attended by the mayor of the city, Maj Gen Osvaldo Hernandez Pedredos, and the mayors of the two communities.

Freddy Raul Guzman expressed thanks on behalf of the new home owners, emphasizing the government's concern for the underprivileged and asking his excellency to "carry on your activities to help the neediest among us."

BRIEFS

AUTO PRODUCTION DROP--Domestic auto production dropped 42.8 percent during the first half of the year, according to data from the Production Development Corporation. The two car manufacturers operating in the country put out 2,223 vehicles between January and June, compared to 3,886 during the same period last year. The company Automotores Franco Chilena S.A. manufactured 1,053 vehicles during the first 6 months of the year, whereas during the first half of 1985 its output was 2,091 units. The leading models were the Peugeot 504 pickup truck (287 units), the Peugeot 504 S.W.F. 2,000 (120), the Renault R 9 TL (100) and the Renault R 11 TC (100). Meanwhile, General Motors Chile S.A. posted a production of 1,170 vehicles during the first half of 1986, compared to 1,795 during the same period last year. The company produced 787 of the LUV KB 28L model and 335 of the LUV KB 28LW model. [Text] [Santiago EL MERCURIO in Spanish 25 Jul 86 p C7] 8743

CSO: 3348/728

WORKERS' RIGHTS DEFENDED BY LABOR ARBITRATION COUNCILS

Havana BOHEMIA in Spanish No 25, 20 Jun 86 p 47

[Article by Lisanka]

[Text] Cuban workers, owners of the means of production, the factories and material goods, also have, as additional support for their rights, an organ entrusted with the task of preventing and solving labor conflicts that might arise from the incorrect interpretation -- or simply, the violation -- of existing labor and social legislation.

Are the rights of workers not being respected at some places of work? Unfortunately, this is occasionally so, although it is not necessarily because of specific interests. It is generally because of a lack of knowledge, carelessness or poor control on the part of the administration. There is also another aspect of the question: The workers do not always file claims in accordance with the law.

In order to determine when this is the case, the labor council, acting as a kind of arbiter between the administration and the workers, must receive and handle the claim.

Set up in 1984, it has become an important factor of social development. Led by the workers themselves, no one could be in a better position to handle problems arising in work relations in production and services.

At the present time, the 13,989 councils in the country are facing the process of reelecting or confirming their members. At the same time, they are beginning to try to overcome a series of deficiencies such as: resolutions that are not in accordance with the law or that violate laws; the holding of conferences outside of set periods; and the handing down of indulgent decisions.

The Central Organization of Cuban Trade Unions (CTC) is of the opinion that the labor councils must also improve the content of resolutions, name workers who, by virtue of claims filed by comrades, might be affected, correctly orient procedures to be followed by both sides if there is disagreement, and notify the interested parties within the specified time period, among other matters.

It is interesting to note that from the time when discipline problems ceased being handled by the labor councils, the fundamental burden of their function became legal and social security claims. As a result, matters concerning seniority, vacations, availability, wages, bonuses, premiums, licenses and illness are the problems they debate most frequently.

According to information from the Office of Secretary of Labor, Social and Women's Affairs of the CTC, in some 27 percent of the cases handled by the councils, one of the parties disagrees, generally the administration.

Since the councils are nothing more than organs of arbitration between the administrations and workers, the resolution is handed down and the parties may express their agreement or disagreement. Some 73 percent of the cases show agreement with the resolutions.

Since their creation, have they fully complied with the goals leading to their establishment? Have they in fact been a true pillar of support for workers? Have they alerted administrations when the rights of workers have been violated?

With these and other questions, we went to the Quintin Banderas Welded Equipment Construction Enterprise in the capital. Given the impossibility of learning the results of 22 years of work during such a brief visit and risking an erroneous evaluation of the work of the center's council, the "In Cuba" reporter decided to compare statistics for the past 5 years.

Although it might appear contradictory, the few claims filed by Quintin Banderas workers during that period show the good work of the council, the union and political organizations of the center, as well as of the administration. While there were only two cases in 1982 and 1983, none in 1984 and one in 1985, this does not mean that there were no problems, but that they were resolved before they reached the council.

The chairman of the labor council of the enterprise for over two decades is maintenance electrician Orlando Gonzalez Justiz, who thinks that the experience acquired over this time has been very valuable. For his part, welder Ricardo Gonzalez, deputy chariman, who speaks in the way of old labor fighters, says that "when the worker has been right, we have fought shoulder to shoulder with him, which does not mean that we have become enemies of the administration, but when the worker is not right, you have to tell him and sometimes they both get stubborn."

He recalls the case of a comrade a few years ago "to whom Decree 32 was unjustly applied. Although it did not concern the council, because it was a problem of discipline, we warned the administration that if the worker complained, we would rule in his favor," he said. "That is how it came out and they had to pay him about 900 pesos. We knew it; it is a matter of experience. They did not listen to us and we were right."

A rapid survey of Quintin Banderas boilermakers, welders and lathe operators, difficult because of the noise, yielded positive results. The center's labor council represents them properly.

11,464
CSO: 3248/591

DECLINE OF CONSTRUCTION MICROBRIGADES EXPLAINED

Havana BOHEMIA in Spanish No 25, 20 Jun 86 p 55

[Article by Miguel Rivero]

[Text] Whenever a foreign visitor arrives, especially if it is someone from the so-called "Third World," he is always impressed by the system. "Yes, thousands of workers live here. They have built their homes themselves, using the microbrigade system," the guide explains, beginning a long description of the experiment.

The testimony is there, living proof, as it were. It can be seen in Alamar in all its grandeur (although some social projects did not keep up with the housing construction plan, as it was designed), but the results of "the Micro" are in nearly all the districts of the country's main cities and towns.

How many families solved the housing problem through the microbrigade? The figures perhaps exist. It would be good to know them. Whatever the case, it is not an exaggeration to say that tens of thousands of families were involved.

The method, the principle, were above reproach. And yet, the microbrigades have begun to decline in recent years.

It has not been for lack of enthusiasm on the part of workers. Nor because the housing problem has been solved.

Everything would seem to indicate that the causes must be sought in a combination of factors. On the one hand, the mirage that the government might solve the housing problem through the construction of highrises, a praiseworthy thought, but one which in practice has turned out to be unviable. Furthermore, the micros demonstrated that they are capable of putting up high buildings.

Others have argued that the construction of housing by microbrigade members was extremely costly because they were not professionals, they took too long and some earned very high wages.

Nor was there any lack of those disappointed because there were not enough materials and it appeared that the buildings could never be finished.

Finally, it seemed that the institution of the micros was destined to experience the same fate as the gigantic prehistoric dinasaurs.

Impossible! After all, the need for housing continues to be one of the most urgent problems and the microbrigade has turned out to be a solution of the masses, by the masses and for the masses.

Without any doubt, the microbrigade has to be revived, respecting and perfecting the philosophy and methods that inspired it.

First of all, those accepted into the microbrigades must be replaced in production and services. This must be an inviolable, rigid, inflexible rule.

Second, one must correct the enthrined bad habit that the mere fact of belonging to a micro automatically granted the right to ownership of one of the apartments being built.

We must redeem the right that it is solely the sovereign general assembly of the main body of workers that decides. A good and detailed methodology for such assemblies must be worked out.

Third, we must argue the social role played by the microbrigades.

There are thousands of workers who, because of the nature of their profession or office, cannot be authorized to transfer to the microbrigades to build houses. Would it be reasonable for a surgeon or pre-university professor to give up his work and go into construction? But they also need housing.

Would it be beneficial to the country's economy for one of our young scientific research workers to leave the laboratory? There are also disabled persons (the blind, for example) who can and do have jobs, but they cannot join the micros. Would it be in keeping with the principles of our society for such persons to be excluded?

As a general rule, 1 percent of the apartments built are to go to organizations or institutions employing personnel who cannot join the micros. Naturally, control mechanisms are created to prevent any kind of favoritism. In such cases, the general assembly of workers could also be the vehicle to grant the housing.

There can be no doubt that the microbrigades will enjoy a revival. The mere fact of the announcement made by Fidel during the celebration of the 25th anniversary of the Ministry of Interior was welcomed with enthusiasm at work centers.

We must now thoroughly study our experience because in this case, we are traveling a well-worn path and errors or any lack of foresight cannot be justified.

We are convinced that by guaranteeing an adequate flow of construction materials, the microbrigades will show that they are capable, in a few years, of responding to an urgent problem, which is the housing shortage.

11,464
CSO: 3248/591

PABLO MILANES, SILVIO RODRIGUEZ RESPOND TO MONTANER

Havana BOHEMIA in Spanish No 25, 20 Jun 86 p 25

["Response to a Provocation by Carlos Alberto Montaner," by Pablo Milanes and Silvio Rodriguez]

[Text] Here we are again, just as so many times since the first year that the generous people of nearly the entire Spanish state welcomed our songs. We have always returned with legitimate pride, as when one visits the home of a grandparent with honor. We have never come to complain about that which at home might bother us, for although the world is one big home, we have our Caribbean embers that we have kept warm with the pledge of love.

But we know that there are those who do not think or feel as we do. There are even those who claim to be artists and who lie, whether or not they deceive themselves, because they have sown so much hatred that they presume a harvest of grace to be impossible.

When one is part of a revolutionary process such as the Cuban process, such as our own, it is not enough to write lapidary phrases from an ivory tower. One has to come to grips with the daily reality of men and women who love and who suffer, who do well, not so well or poorly, so make mistakes and who are the victims of mistakes, but who do not avoid the challenge implied in making every day better and making ever more human a revolutionary undertaking that is undeniably an example for Latin America.

No one confuses humility with fear. We have taken up arms, even the most terrible ones, to defend what we consider to be right, without regard for the risk involved, that is, the people building our revolution, the revolution being built by our people. No one pays us to defend what we believe in. Only our own conscience subjects us every day to a strict but necessary examination, and when we do not agree with something, just as when we do agree, we sing it out and proclaim it in Cuba and wherever necessary. The only prison we know is the prison of not being able to free ourselves from the horrifying truth of war, poverty, ignorance and all the injustice maintained by selfishness and exploitation in the world.

Here we are again and, as always, we shall return to Cuba. We are proud to live and work there, to create, argue and fight if need be to see that everything is done better, so that we ourselves do better, never believing that we have absolute truth in our hands. For the simple truth, our truth, has been shared by the majority of our people for a long time and together, we shall recreate it, as we are doing now, at work, in love, in song, in dignity.

Madrid, 28 May 1986

11,464
CSO: 3248/591

BRIEFS

SHOE PRODUCTION OFF--Shortages of some raw materials from foreign suppliers have caused delays in this year's production plan of almost 2 million pairs of shoes. This was reported by the National Union of Leather and Shoe Enterprises. In addition to these and other objective problems, there have also been management difficulties, absenteeism, and insufficient staff. Nevertheless, workers of the 15 enterprises comprising the union are determined to fulfill their annual plan and produce the projected 21.9 million pairs of shoes. [Text] [Havana Radio Progreso Network in Spanish 1100 GMT 29 Jul 86] /9604 [For earlier report on shoe production problems see JPRS LAM-85-095, 8 Nov 85, p 73]

CSO: 3248/593

BRIEFS

DEVALUATION RUMORS DENIED--Central Bank President Carlos Julio Emanuel has reported that, contrary to expectations, the country's foreign exchange has not dropped because compensatory factors, like an increase in nonoil exports, have allowed it to remain stable. This has permitted Ecuador to maintain the scure's current exchange rate. During the early months of 1986 the total foreign exchange reserve was higher than during the same period in 1985. In June 1986 it totaled $144 million, $10 million less than in June 1985. [Summary] [Quito Voz de los Andes in Spanish 1130 GMT 10 Jul 86 PA] /9274

ANDEAN RESERVE FUND LOAN--Carlos Julio Emanuel, the general manager of the country's Central Bank, returned from Venezuela today after obtaining a $175-million loan from the Andean Reserve Fund. It was unofficially reported that the new credit will be used to support the Ecuadoran balance of payments and cancel short-term economic commitments. Ecuador will repay this $175-million loan in 5 years. [Summary] [Quito Radio Quito in Spanish 2300 GMT 24 Jul 86 PA] /9274

CSO: 3348/717

BLAIZE PREDICTS GROWTH IN ECONOMY; PERFORMANCE 'MIXED'

Port-of-Spain TRINIDAD GUARDIAN in English 14 Jul 86 p 5

[Text] **ST. GEORGE'S, July 13, Cana — PRIME MINISTER Herbert Blaize has reported a two per cent growth in the Grenada economy during the first half of this year, compared with the corresponding period in 1985. In a radio broadcast, on Friday, Mr. Blaize, who is also Finance Minister, said, based on preliminary data provided by the Ministry, the performance of the economy could be described as mixed.**

Government was projecting a five per cent increase in Gross Domestic Product (GDP) by the end of the year, he said.

According to the International Monetary Fund (IMF), the local economy grew by three per cent.

During the review period, there were 1,901 jobs created, compared with 2,298 in the corresponding period in 1985.

Mr. Blaize attributed the fall-off to the slow coming on stream of proposed manufacturing enterprises here. He said Government was, nevertheless, confident of reaching its target of 4,000 new jobs by the end of the year.

Unemployment Down

Government officials estimate that unemployment, the No. 1 social problem here, has dropped to around 20 per cent, down from 30 per cent in December, 1984, when the Blaize administration took office.

Mr. Blaize said indications were that inflation would remain below two per cent throughout the year, as a result of recent amendments made to the controversial 20 per cent Value Added Tax (VAT) legislation.

The amendments were helping to reduce prices on a number of items, he said.

On agriculture, the key sector of the economy, he said exports during the January to June period were around the same as last year.

Banana production moved from 4,126 to 4,235 tonnes, but there was a 19.8 per cent decrease in cocoa, with output dropping to 1,273 tonnes from 1,588 last year.

In the case of nutmeg and its by-product mace, production of the former rose to 1,398 from 1,099 tonnes, while the latter increased from 104 to 142 tonnes.

Mr. Blaize said tourism, the No. 2 sector, was also looking up, with a 36.7 per cent increase in visitor arrivals this half year, compared wth the same period last year.

Stay-over visitor arrivals went up from 20,964 to 25,253 this year, and cruise ship passengers by almost 20,000 to 63,927.

Tourist spending increased from $26.4 million during the six-month period last year to $32.6 million this year.

Mr. Blaize said the manufacturing sector grew by 1.8 per cent in the review period, largely due to the increased production of rum, cigarettes, edible oil, coconut, milk, and soft drinks.

He also reported that retail sales were up 11 per cent, thanks mainly to a 13 per cent increase in the sale of building materials linked to heightened activity in the building and construction industry.

/8309
CSO: 3298/520

NNP SLAMMED BY MAURICE BISHOP PATRIOTIC MOVEMENT ORGAN

Cabinet Disunity

St Georges INDIES TIMES in English 21 Jun 86 p 1

[Text]

MASS confusion has erupted in the fragile NNP cabinet. The main actor in this episode of blackmail is the tyrant Minister Stone. Again!

This eruption of the NNP cabinet is over a letter that NNP Dictator/Minister Stone sent to BWIA last week advising them that with immediate effect, BWIA were to operate only one flight per week.

Presently, BWIA operates seven flights per week to and from Miami (every day), and one flight per week to and from New York. This is the only international IATA carrier which serves Grenada. If BWIA flights were to be stopped, the only carriers that would serve Grenada would be the island-hopping LIAT and Minister Stone's bramble airline, Grenada Airways.

When Cabinet learnt of the high-handed decision taken by Stone to curtail BWIA flights to Grenada, a fight in Cabinet developed. It was eventually decided by Cabinet that Minister Stone should withdraw his letter. To avoid the embarrasment, Dr. Stone got his juniors in the Ministry to advise BWIA by word of mouth that they were to ignore his letter.

Immediately after Stone ran to the press to try to clear himself. Trinidad Express of Monday June 16, reported Stone as saying "We want BWIA to continue flying into the country.....contrary to other people's opinion, we in Grenada are not so irresponsible." In its editorial of Wednesday 18th June, the EXPRESS goes on to quote Stone as saying "This statement about an ultimatum has never been correct." There goes Stone again; ready to wheel and deal and do anything to save his face.

This latest incident highlights the arrogance and dictatorship qualities of Stone, his obvious personal interest in Grenada Airways and the extent to which he is prepared to go to protect his airline. Above all, the lack of unity in the NNP Cabinet is once again exposed.

NNP-U.S. Relations

St Georges INDIES TIMES in English 21 Jun 86 p 3

[Text] THE arrogance and vindictiveness of Dr. Stone is now hitting the Yankee-NNP relations.

The U.S. authorities have been recently complaining within their own circles about the attitude of their puppets.

According to a U.S. Embassy official, even their own link-man known as Stone, is displaying a level of arrogance that is "Not normally accepted by the U.S." says the U.S. source. Our source points to the U.S. being put in an embarrasing situation recently when one of their officials had to be prematurely withdrawn from Grenada after spending only six weeks in Grenada. The official, one Mr. Mike Jones, was originally due to be in Grenada for over a year to administer USAID projects in Grenada.

Mr. Jones was forced to leave Grenada after he and Minister Stone had several arguments over how the USAID funds were being spent. Our source pointed to Dr. Stone not wanting to account for funds advanced by USAID, as well as wanting to employ and fire Grenadians based on their political affiliation instead of their competence. Dr. Stone's style was one of hiring and firing by telephone, very similar to the dictator Gairy.

The U.S. officials have pointed to the incompetent NNP duncecaps who were employed at the Telescope Quarry to be trained in the Management of the Quarry operations. It is understood that the U.S. officials have very little hope in the Grenadians appointed by NNP being able to manage the Quarry after they leave at the end of the year.

The arrogance, incompetence, and vindictive practices of NNP have got to such a high level that even their U.S. masters are now bitterly complaining about their own retarded political child.

/8309
CSO: 3298/520

PAPER ASSAILS GOVERNMENT FOR NEPOTISM, MISUSE OF POWER

Hiring Practices

St Georges GRENADA GUARDIAN in English 23 May 86 p 2

[Editorial]

[Text] Leadership in Government is, indeed, very demanding. Ministers of Government, by convention, have always been required to display a high sense of responsibility, honesty, intelligence and high standard or morality in terms of general conduct among other things.

Administration of justice with temperance, political propriety, appreciation for consensus opinions, and justice and impartiality in administration are also salient to the fundamental principles which form the bedrock within the framework of good government.

Today we see unlimited evidence of the opposition in brilliant existence.

Justice is uprooted and destroyed by the fire of political animosity and an insatiable greed to exterminate all legitimate opposition.

Since the illegitimate assumption of the NNP Government we have seen a woeful display of victimisation in generously overflowing measures. Too many people employed with government, have been unjustly dismissed from their jobs. Most of these people have been replaced by relatives and friends of Ministers, in some cases, as early as the next day. It is said that "justice must not only be done, but must also appear to be done".

The dismissed of Customs Guards is an example of what goes on. The excuse that "money is short" is ludicrous. The assumption of shortage of money is quickly dispelled by the actual mal-spending so very evident all around us whether for the visit of the Queen or travel by Ministers on private and personal business or the creation of jobs to accommodate relatives and friends.

Why should Keith Mitchell's close relative, with absolutely no experience whatever, be given the job of Mr. Neckles, head of the Central Water Commission, considered an excellent worker with sufficient experience, with the help of Mr. Tamar, to deal with the intricacies and complications of our water system, particularly in the division of distribution and, specifically, in the city of St. George and the sub-urban areas.

Members of the public are astounded and upset by the wanton waste of Taxpayers, money spent on the employment of "square-pegs in round holes".

GUARDIAN learns that there are others in Government service slated for retrenchment in order to make room for others who might well be relatives and friends of some ministers or the other.

When one examines the Government departments, the infilling of positions by friends and relatives, its significantly obvious and shocking. The issuance of contracts, piece-works, operating concessions for business and Government premises, among others, are appallingly repotistic.

It is rather obvious that adminsitrative decorun, political provity and justice in Government dealings would continue to remain strangers to our nation until the NNP administration is given a farewell kiss with a sigh of relief. When shall it be? Prayer is the answer.

'Sell-Out' to Foreigners

St Georges GRENADA GUARDIAN in English 30 May 86 pp 2, 5

[Editorial]

[Text] The impression is graphically and unequivocally clear and precise that those in Government authority today regardless of how they got into government, have the power to buy and the power to sell.

However, a misuse of power is definately a moral breach, but the present magnitude of such misuse could very well tantamount to a breach of National Trust the legality or illegality of which could be tested in a Court of Law. In other words if a government sold a school building to someone, that may be considered wrong, but if such government were to try selling Parliment Building, or Government House, or the Treasury Buildings, to someone or to a consortion, even the dead may wish to rise to join issue against such a government before a Court of Law in order to determine whether or not those entrusted, by the people of our country, to administer good government, within the realm of justice, were doing just that within the bounds of their authority or were going beyond such bonds as discribed or enusaged within the intentment and essence of the constitution.

Evidence indicating the "hasty selling out" of Grenada to foreigners is generously over whelming. It might now be the proper time to consider placing before the Court of Law and Injunction asking that government unhesitatingly desist selling out our country.

In addition to swlling out the material values of our country, there is also the selling out of intangibles - jobs, licences, concessions, among others. Several inportant job positions are occupied by outsiders. Outsiders are also given much priority in the issuance or granting of concessions for the operation of busi-

ness in government premises. This also exrends, we understand, to operational facilities on our beaches and waterfront.

The modus operandi must essentially do great damage to our national ecconomy both actual and notional, and also to the potential growth of our national image as a self-sufficient people, at least in the area of job classification and job responsibility.

Public opinion is on an extremely strong assumption and logical deductions that the whole idea to sell as much as possible as quickly as possible in case the authorities must come to an end as soon as possible based on the fact that signs are as clear as possible.

The loss of our national interest has assumed dimentions and magnitude of sufficiently significant propotions to warrant some consorted effort on the part of the public to initiate some action strong enough to prevent further deterioration of our national actual and potential wealth.

Were such blatant disregard for the preservation of our national wealth and such effort to damage aou international image, made by another government, especially a G.U.L.P. Government, those persons holding leadership positions in various fields here today would have been active with public meetings and demonstrations, among other things.

This conspicuous silence is spoken of by many members of the public who have never assumed leadership and have no intention to assume leadership at this time.

They, however, are at liberty to pass political judgement, and are doing just that.

GUARDIAN is quite certain that events of the not-too distant furture will clearly indicate how people are thinking today, right now.

The present situation demands both "Prayer and "Action."

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CSO: 3298/520

IMPORT RACKET SAID TO INVOLVE UNNAMED CARICOM STATES

Port-of-Spain SUNDAY EXPRESS in English 6 Jul 86 p 12

[Text] **ST GEORGE'S, Grenada, Saturday, (CANA) -The Grenada Government says it has uncovered an illegal importation racket by a group of "unscrupulous" expatriate businessmen aided by two neighbouring countries.**

According to a Government Information Service (GIS) release, the scheme involves a far eastern country and two member states of the Caribbean Community (Caricom) of which Grenada is a member. The countries were not named.

"Goods imported from a certain far eastern country which attract duties are secretly and unlawfully relabelled Caricom manufactured goods in two Caricom countries so that when they arrive in Grenada they would receive preferential customs treatment," it said.

GIS also said that the authorities are planning to impose a stiff penalty on businessmen who attempt to classify new stock as old stock in an effort to defraud the government of revenue.

The government passed a bill last week exempting old stock from a controversial 20 per cent Value Added Tax (VAT).

GIS quoted an official of the Inland Revenue Department as saying that the full force of the law would be brought to bear on anyone trying to defraud the VAT system.

The official said the department had information that some businessmen were classifying new goods on which the tax applies as old stock which is exempted.

Under the law a fine of 10,000 E.C dollars or a six month prison sentence or both awaits first offenders while fines of 30,000 dollars or two years imprisonment could be imposed on those violating the law for a second time.

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CSO: 3298/520

CARRIACOU RESIDENTS ANGRY OVER CUSTOMS 'HARASSMENT'

St Georges THE GRENADIAN VOICE in English 28 Jun 86 p 16

[Text]

Carriacouans are angry. The hardy, independent people, from the sister isle are threatening to become even more independent by seceding from the tri-island state. They say that they are being continually harassed by Customs and Port Authority and the - who elected Prime Minister, Herbert Blaize to the House - are objecting strongly to the treatment the inter-island vessels and their passengers are receiving.

Andrew Bethel, Captain of the "Adelaide B" told GRENADIAN VOICE, that from the beginning of the month of June, they have been constantly searched and harassed by Customs officers for what they call illegal goods. "Never in the history of sailing from Carriacou to Grenada," Bethel said, "were we subjected to customs search. Why now this government is putting pressure on we Carriacouians?"

Captain Hubert Alexis of "Alexia B" told our reporter angrily, "We are suffering under this present government. We have no roads, our youth cannot get jobs, now they want to stop us from sailing freely. I want to know if we are foreigners; why our boats and passengers must be harassed by policemen? Why their drinks must be taken away from them? These are some of the questions I want the government to answer for us. Are we not citizens of Grenada anymore?

After many complaints about illegal goods (particularly beer) coming in

to the local market, the customs department instituted search and seizure proceedings and the Port Manager issued a circular informing masters that "all vessel arriving from Carriacou or Grenville must come alongside the pier if a berth is available or schooner wharf and be cleared by customs before they may seek permission to assume a berth at the Carenage."

Also speaking on behalf of the Carriacouans plight, were sons of the soil John Noel and Anselm Clouden. Both admitted frankly, that the main source of livelihood of Carriacouans has been smuggling for more than 100 years and it is wrong of Government to clamp down on this suddenly without arranging a substitute method for the people to earn a living.

Barrister-at-Law, Clouden, was especially vehement in condemation of the new practice which,he claims, is abrogation of the constitutional right of the Carriacouans to freedom of movement within the state and freedom from arbitrary search and seizure. When the VOICE pointed out to Clouden that the Customs Ordinance gave the Customs more powers of search (for uncustomed goods) than the police had, he said that "under the doctrine of constitutional paramountcy all such subordinate legislation which is repugnant to the constitution is ultra vices."

Clouden, who said he was bombarded with telephone calls from Carriacouans complaining bitterly about the harassment, advocates that the solution is for government to create a duty free port in Carriacou.

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SKILLS TRAINING PROGRAM DESCRIBED AS WORKER EXPLOITATION

St Georges INDIES TIMES in English 21 Jun 86 p 3

[Article: "20th Century Slavery in Grenada"]

[Text] MODERN slavery is being given official sanction in Grenada through the so-called SKILLS TRAINING PROGRAMME.

A detailed account of the way in which the programme is run reached INDIES TIMES recently. Girls at the True Blue Centre of the scheme must report to work at 7:30 a.m. and leave at 4:30 p.m. They are given half an hour break for lunch. The factory gates are locked at 7:30 a.m.. So if one person is a minute late, they have to stay out. Everything is operated under rigid factory conditions. In the factory's operations, the girls are producing nurses caps to be sent to the U.S. They must produce 900 caps per day before they can be said to be efficient. To produce that number means working like a slave and so far, only two (2) persons have come close to it out of the large number of participants.

For all this super exploitation, the girls get $25.00 per week; not even enough for bus fare! They have no guaranteed employment after the programme. Indeed, those who are now coming to the end of their stint with a city garment factory will all be sent home at the end of this month. No profit sharing, so the trainees will not make any money at the end of the time.

When the programme was examined for the skills it is supposed to be giving these trainees, INDIES TIMES found that there was nothing. One learns to fold the throw-away nurse's cap very quickly. After learning

to fold the caps, the girls must just produce. No real skill is therefore taught! There is no educational development for the girls. They do not learn maths, English or any other subjects. So then, if one enters the programme in an illiterate or semi-literate state, one comes out the same way!

In short, at the end of the "TRAINING" the girls do not make money; they learn no real skill, they have no guaranteed jobs and their educational level is not upgraded. Just sheer exploitation of Grenadian cheap labour in factory conditions.

The programme itself adds nothing to the Grenadian economy. Those who remember how the U.S. companies exploited Haiti and turned it into the poorest country in the Western Hemisphere, see the same thing being undertaken in this "SKILLS TRAINING" scheme. Grenadians will produce goods with no meaning the development of the Grenadian economy for export to the U.S. Nurses hats, golf balls, hockey sticks, baseball bats, stitching pre-cut garments, and other such industries will become the new economic drive.

When Duvalier fled Haiti, there were 159 such industries in Haiti developed through "SKILLS TRAINING" Cheap labour and exploitation by U.S. big businesses become the order of the day. Now Grenada is being launched on this cheap labour scheme under the guise of SKILLS TRAINING.

Compare this with the PRG's Youth Employment Programme (YEP). The first phase of YEP was to create 2,000 new jobs in agriculture; New jobs the the motor of the Grenadian economy; not making nurses hats! Rapid training agricultural schools were set up where students had four (4) hours of classroom and five (5) hours of practical work for sixteen weeks. They learnt to operate tractors, test soil, keep farm accounts and organised towards producing more food. Real skills were learnt, their educational level was improved and the new Grenadian man was being shaped.

Students lived at those centres. They built teams,, co-operatives and developed culture. They received $28.00 per week with three full meals, work clothing, books, tools and other materials. The profits form any crops made at the centre were then divided among the students and the centre in a profit sharing scheme.

The PRG brought skills training for development; NNP is disguising mass exploitation of our young people under the name of skills. They would like to bring Grenada like Haiti!

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TUC SPLIT OVER ISSUE OF LINKS WITH COMMUNIST BLOC

St Georges THE GRENADIAN VOICE in English 28 Jun 86 p 1

[Text]

The disunited Trade Union Council (TUC) is once again facing a crisis which could cause certain of its affiliate Unions to withdraw.

Both the Seamen and Waterfront Workers Union and the Taxi Owners and Drivers Union, have written to the TUC objecting to a decision taken by the Management Committee of the Council to send an observer to the Eleventh Congress of the World Federation of Trade Unions (WFTU).

At a meeting of the Committee, held last week Thursday, (which was a continuation of an earlier meeting) Xyra Cummings, representative of the Grenada Union of Teachers was selected to attend the WFTU Conference to be held in the German Democratic Republic (East Germany) in September this year.

In his letter to the TUC, Eric Pierre, General Secretary of the Seamen's Union said, "The Management Committee may recall that at its first sitting the writer gave reasons why the invitation should not be accepted being inter alia that the WFTU works in opposition to the ICFTU to which we are affiliated."

"Another affiliate asked" the letter continued, that the letter of invitation be circulated to affiliates for their membership approval as they had no mandate to vote on such matter. These pleas were ignored.

"It seems clear to us therefore, that the present management of TUC, which is controlled by an element alien to true democracy is determined to take decisions which we firmly

believe to be contrary to the wishes and aspirations of the working class of this country. "Unless the present action of the Management Committee is rectified, it may leave us with no other alternative than to reassers our present association with the Council"

Pierre told GRENADIAN VOICE that it was only interest in Trade Union unity that prevented his union from withdrawing from the TUC, last year, when they accused the Seamen's Union of poaching. He said, the matter had been discussed at all levels of his union and they were ready to withdraw if the TUC does not change its style and its affinity with Eastern Bloe associations. He also recalled that when he was selected by the TUC to represent the Labour Movement in Grenada at the International Labour Organisation (ILO) Conference in Geneva in 1984, the WFTU objected to his acceptance as a delegate.

The Taxi Owners later stated that the Union proposed suspending their membership in the TUC and if matters continue as at present, they would seek single affiliation with the Caribbean Congress of Labour.

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UNIONS EXPLAIN POSITION ON STATUS OF WAGE NEGOTIATIONS

St Georges THE GRENADIAN VOICE in English 28 Jun 86 p 2

[Apparent advertisement]

[Text]

UNIONS BULLETIN

To all Members of:

Grenada Union of Teachers
Technical and Allied Workers Union
and
Public Workers Union

The above-named Unions wish to CLEAR THE AIR with respect to Salaries Negotiations as they stand at present.

At the signing of the award given by the Interim Government in November 1984 the Unions gave notice that proposals for 1985 and 1986 will be submitted in continuation of the multiple year contract.

The said proposals were submitted by the Unions in October 1985 for a 30 percent across the board increase for 1985 and a weighted average increase of 30 percent for 1986.

Up to this time five (5) meetings were held with the Government's team which has NOT suggested any counter-proposals for the Year 1985.

The Unions' team is firmly of the opinion that ALL WORKERS in Grenada, Carriacou and Petit Martinique are entitled to salary increases for the year 1985.

Government's arguments are:

(1) Wage increases are usually given to offset increase in cost-of-living and Government says that the increase Public Servants received in the past have put them ahead of the cost-of-living.

(2) Take home pay of Public Workers generally increased in 1985 as a result of substantial reduction in Income Tax. Also as a result of reduction in stamp duty in 1985 the cost-of-living declined.

(3) Because of the above reasons the purchasing power of Public Workers increased significantly.

The Unions responded with the following:

(1) That the retail price index over a given period is not the only factor to be taken into account when determining increase in wages and salaries, and that also to be considered are:

(a) Wage comparability both locally and within the OECS sub-region, and

(b) Improvement in the standard-of-living of the worker.

(2) For economic growth to take place a well paid employee is an essential ingredient.

Following prolonged discussions which failed to reach agreement with respect to increases for 1985, the Unions on 6 June 1986 in an effort to speed up a settlement, wrote to Cabinet suggesting that the Unions meet directly with a Cabinet Team.

On 6 June 1986 a letter from the Director General conveyed to the Unions that, as part of the negotiations for 1986 Government would wish to give special consideration to persons in receipt of salaries and wages below $3,504 per annum, i.e., those persons who did not benefit from the Income Tax changes in 1985 and 1986.

This decision by Government is not an original position in that the Unions' proposals with respect to 1986 specifically sought to give the lower paid employees a higher percentage increase.

A letter from the Cabinet Secretary dated 19 June, and addressed to the three Unions has indicated that Cabinet does not think it fitting that the Unions' negotiating team meet directly with a Cabinet appointed team at this time for discussions on the issue of Salary Increases to Public Workers as there is no deadlock in the negotiations.

The Unions negotiating team is satisfied that with respect to pay increases for 1985 negotiations are deadlocked. This is borne out in a statement made by the Leader of the Government's negotiating team, that Government's position with respect to 1985 is INFLEXIBLE.

The Unions' negotiating team is still pursuing the possibility of a meeting with a Cabinet team.

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BRIEFS

INCREASE IN EXPORTS--St Georges, July 14--The value of Grenada's exports rose 23.6 percent during the first half of the year, Prime Minister Herbert Blaize reported. He said the island fetched 38.7 million EC dollars from the export trade during the January to June period as opposed to 30.6 million dollars in the same period in 1985. Domestic exports increased by 12.2 percent--moving from 30 million dollars to 33 million dollars. Blaize said improved prices, particularly for export of the island's major agricultural crops such as cocoa, nutmeg and bananas, were responsible for boosting earnings. He said there was a 15.8 percent increase in imports, with the figure moving from 87.4 million dollars in the January to June period last year to 101.3 million dollars this year. [Text] [Bridgetown CANA in English 1549 GMT 14 Jul 86 FL] /8309

INDUSTRIAL PROJECTS--Fifty-two projects have been approved by the Government-appointed Industrial Development Corporation for concessions, during the first six months of this year. In a review of the performance of the economy for January to June, Prime Minister Herbert Blaize said these projects included manufacturing, hotels and guest houses, restaurants and service industries and agro-industry business. Mr Blaize reported that 44 of these projects are being undertaken by Grenadians. Meantime, the Prime Minister has said that the development of the Industrial Estate at Frequente is underway, and 63,000 square feet of factory space will be available for local and foreign investors under a project which is being assisted by USAID. He said another 40,000 square feet of factory space is also being developed at Frequente through a loan from the Caribbean Development Bank. The Finance Minister also revealed that consideration is being given to the development of port at Pearls Airport site. [Text] [St Georges THE GRENADIAN VOICE in English 19 Jul 86 p 2] /8309

NUTMEG SALES--Grenadians are selling more nutmegs now than they were doing last year. In the period January to June 1986, Grenadians sold 199 tonnes more nutmeg compared to the corresponding period last year. Production of nutmegs reached 1,398 tonnes in the first half of 1986 as against 1,099 tonnes last year. The output of mace has also increased by 58 tonnes. One hundred and sixty tonnes of mace were sold in the first six months this year, as compared to last year's 104. The rise in turnover has been attributed to the higher prices farmers are now getting for their produce. [Text] [St Georges THE GRENADIAN VOICE in English 19 Jul 86 p 2] /8309

NEW ATTORNEY GENERAL--Hot news reaching INDIES TIMES say that Michael Andrews is the new Attorney General. Andrews' appointment is seen as a big reward by NNP. The appointment of Andrews means that the place left empty since the end of the stint of Barbadian Payne, will now be filled. Andrews was slated to be a candidate for the constituency of St. David's with Brizan's NDP in the run-up to the 1984 elections. He however was out-manouvred by Danny Williams of GNP for the seat. After the elections, Andrews attempted many different roles. He however, is said to have remained firmly NNP throughout. Meanwhile, a shake-up seems to be on the way in the legal department. Reports say that Wilkinson is returning to the Registry on a part-time basis with the view to bringing it up to date. Wilkinson's salary, reports also say would be that of a High Court Judge. [Text] [St Georges INDIES TIMES in English 28 Jun 86 p 8] /8309

WORK-PERMIT RESTRICTIONS--St Georges, Saturday (CANA)--Labour Minister Dr Francis Alexis says the government will continue to have a restrictive policy on work permits for foreigners. In an address to a private sector banquet, Alexis said that foreigners are welcome into the country but opportunities available to them would be limited given the resources of the small east Caribbean island. "We would only be affecting the country if we were to over-reach our welcoming nature, and therefore it must be obvious to all that there is a limit to which we can receive and entertain non-nationals," he said. His remarks were made against the backdrop of complaints from local businessmen about non-nationals getting involved in areas reserved for locals especially in the distributive trade and the operations of restaurants. Alexis stated that if there was no control on non-nationals then the country runs the risk of placing undue stress on the "social arrangements" and "economic contracts" which must be entered into if there is to be peace and tranquility on the island. [Text] [Port-of-Spain SUNDAY EXPRESS in English 6 Jul 86 p 12] /8309

CSO: 3298/520

BANGUAT EARMARKS $200 MILLION FOR IMPORTERS

Guatemala City PRENSA LIBRE in Spanish 21 Jun 86 p 2

[Text] Yesterday, Gabriel Castellanos, vice president of BANGUAT, announced that the Bank of Guatemala has earmarked $200 million for the country's importers.

"This sum of money has strengthened the country's reserves. Thanks to the new foreign exchange system, we have attained a higher level of funds compared to 1981, when we only had $5 million in foreign exchange reserves.

"These $200 million are being made available so that the importer will be able to bring in his raw materials and intermediate products. What is more, we will be able to dynamize the country's economy.

"We should also inform the people that the Bank of Guatemala is handling $6 million or more for the import sector every day, which gives us some idea of the degree to which the economic restructuring plan is beginning to produce results.

"It is also well for importers to know that we have set the exchange rate at 2.50 quetzales per $1.00, which will make it unnecessary for them to obtain their dollars on the black market.

"Moreover, it is no longer necessary for them to go through the previous bothersome procedures. This will facilitate the procurement of foreign exchange. This can be done at any of the banks in the system.

"On the demand side, we have handled foreign exchange requests of as much as $52 million. This happened a mere 2 weeks after the economic and social restructuring plan was put in effect."

"Expeditious clearinghouse operations were needed so that we could get our hands on foreign exchange," said Gabriel Castellanos. "This, in turn, gives us the opportunity of immediately making foreign exchange to importers at the rate of 2.50 quetzales per $1.00, which in time could fall to lower levels as we gradually recover the real value of our money."

"We are optimistic about what we have accomplished up to now because we know that the beneficiaries are the importers. This will be reflected in goods reaching the consumer at lower prices, as a result of benefits experienced by importers of raw materials for medicines and other articles," the vice president of the Bank of Guatemala said.

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CSO: 3248/565

PRICE RISE OF BASIC COMMODITIES 'INFLATIONARY'

Guatemala City EL GRAFICO in Spanish 13 Jun 86 p 15

[Editorial: "New Price Increases Inflationary..."]

[Text] Yesterday, a series of price increases was announced in a formal manner which will have an inflationary impact upon the country's economy [in general] and upon the family budget in particular, which has already been punished overmuch by the tremendous imbalance existing between the rise in the consumer price index and the purchasing power of wages. We are primarily concerned by the outsized increase in the prices of imported medicines, which, according to official announcements, will be raised 150 percent; obviously, the national pharmaceutical industry has not received all the support necessary to permit its development in such a way that it will be able to meet domestic demand, as there are many products which, because of the need for high technology or very sophisticated chemicals, are not produced in our country and, therefore, must be imported. We have said this repeatedly: Medicines should not be treated as luxury products; they are necessary for the recovery and maintenance of the health of thousands of children, old persons, men, and women who are studying or working for Guatemala.

Another price increase that would have serious inflationary repercussions is the one authorized yesterday calling for an intercity transport rate increase of 2.6 to 3.6 centavos per kilometer, depending upon the condition of the roads traveled by the transport lines. An increase of 2.60 to 3.60 per 100 km is excessive. Today it costs 6 quetzales for a trip to Coban; therefore, the authorized increases mean that a one-way trip will cost an additional 5.20 quetzales, that is, 11.20 quetzales, and that a roundtrip will cost 22.40 quetzales. Logically, the price rises of products being transported from and to the capital, with that increase in rates, will be passed on to already excessively priced products, and it will be the consumer who notes his income even further diminished.

An increase in the price of cement has also been authorized, which will impact upon already high construction costs; the construction industry, one of the economic sectors which best distributes its profits, has been seriously affected by the economic crisis and has experienced and appreciable drop [in output]. This new increase in its costs will affect it even more, generating major unemployment and making housing more expensive.

No less painful is the increase in the price of propane gas, as many housewives, faced by the very high prices they must pay for electricity in Guatemala, have opted for propane for cooking. Now they will have to use firewood or continue using propane but at a cost of even further decreasing what they can buy with the wages they receive or with the monthly family allowance. All of these measures are contrary to the people's interests, not only because they are detrimental to their health and well-being but also because they impoverish the people even more and push them to lower poverty levels. Medicines should continue to be subsidized or the value-added tax should be removed to make medicines more accessible to the people; transport rates, particularly intercity transport rates, should not rise to such stratospheric levels, because transport is a service which the state is obligated to provide. If growing popular clamor over rising prices is not heeded, the social situation will continue to deteriorate even further and we could be faced with a political crisis which none of us wants, as it would damage the credibility of our nascent democracy.

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CSO: 3248/565

SMALL FARMERS RECEIVE 25 MILLION QUETZALES FROM BANDESA

Guatemala City PRENSA LIBRE in Spanish 18 Jun 86 p 8

[Text] "BANDESA granted 25 million quetzales in credit to small and medium-size farmers throughout the country from January to May 1986," said Dr Leonel Gonzalez, general manager of that institution, during the second working session held in Mazatenango.

At this meeting of bank personnel from Region IV, which includes Quetzaltenango, San Marcos, Escuintla, Suchitepequez, and Retalhuleu, the manager of the National Agricultural Development Bank added that it was an honor for all parties to work in this organization and that it was also a challenge because the country needs the help of everyone to lift it out of the crisis in which it now finds itself.

The following assistant deputy managers were also present: Hiram Barahona, a general; Sergio Manuel Zambrano, a banker; and Mario Ruben Farfan, a credit manager. It was said that the purpose of these meeting was to examine labor sector problems in depth and to find suitable solutions for them.

Dr Gonzalez said that priority has been given to taking care of the needs of small and medium-size farmers, without neglecting the other sectors participating in the country's economic activities, and attempting to bring about recovery and development. New agencies and a rural bank will service thousands of farmers, whose needs they will try to satisfy with greater dynamism, efficiency, and effectiveness.

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CSO: 3248/565

FARMERS' 'FAIRS' OFFERED AS SOLUTION TO HIGH PRICES

Lower Prices Expected

Guatemala City PRENSA LIBRE in Spanish 24 Jun 86 p 6

[Text] "The farm fairs will soon cause the price of basic food products to drop," said Deputy Minister of Agriculture Carlos de Leon Prera yesterday as he reported on the success of the sales in El Trebol on Sunday.

He said that 10 more fairs were scheduled for the benefit of residents of the city's various neighborhoods. Future sales will take place in Zones 18, 19, 5, and 6 and in other heavily populated areas.

Participating in last Sunday's fair were 300 producers from Totonicapan, Quetzaltenango, Chimaltenango, Solala, Salama, and the municipalities in the Department of Guatemala.

The top price for corn was 20 centavos, or less than in the cantonal markets. It was amazing to observe, as he said, "the way in which housewives bought up fish at 60 centavos a pound."

Rice, vegetables, sugar, and miscellaneous products that were not available at the first fair sold quickly.

Housewives' 'Dissatisfaction'

Guatemala City PRENSA LIBRE in Spanish 8 Jun 86 p 24

[Article by Carlos E. Estrada]

[Text] General dissatisfaction was observed yesterday among the housewives who visited the "Farmers' Fair," also known as the "Farm Market," which the Marketing Department of the National Institute of Agricultural Marketing (INDECA) had set up at El Trebol in Zone 12.

For the purpose of selling beans and a few basic cereals such as rice and white corn at prices below those found in the city's cantonal markets, INDECA

officials organized the fair and set it up at El Trebol next to the Municipal Fire Station in Zone 12.

To make the fair more complete, INDECA officials invited a few farmers to take part and sell their farm products at more reasonable prices, thus enabling the housewives to buy not only basic cereals but also fruit and vegetables at lower prices.

It was a stupendous idea, but those who came to the fair to sell fruit and vegetables were the same merchants who retail their products at the Bus Terminal Market in Zone 4, and they did not drop the price on their products by a single centavo, hence the dissatisfaction of the housewives.

INDECA kept its promise to reduce the price of beans and basic cereals. For example, white corn was sold at 11 centavos a pound, rice at 32 centavos a pound, and beans at 40 centavos a pound.

The housewives benefited from those prices because in the markets they pay 26 and 28 centavos for a pound of white corn, 51 centavos for a pound of rice, and from 58 to 60 centavos for a pound of beans. It should be pointed out that the beans were sold out within a few hours after the market opened.

Those who did not knock a single centavo off the price of their products were the fruit and vegetable vendors. But owing to strict control, women vendors from the Bus Terminal Market took part in the fair, and they made a bundle.

Huge lines formed very early yesterday morning. Groups of women who had traveled from every zone in the capital brought their market baskets with the idea that they would take them home filled with staple items, but they were disappointed because the centavos they had intended to spend were not enough.

To prevent speculation, INDECA was allowing each person to buy only from 5 to 10 pounds of beans, rice, and corn. But some people complained that others were getting more, and this annoyed them.

One of the housewives, Amparo de Izaguirre, was pleased with the idea of organizing this fair. She said she was paying lower prices than she would at the market, although she pointed out that there should have been more distributors to prevent the huge lines.

Victoria de Trujillo said indignantly that carrots were sold for 1 quetzal per dozen--the same price as at the market. She said: "If they are going to help people who don't have much money, they should sell at a lower price."

Irma Chilin Palma said the fair was no help to the consumer because the prices were the same as those charged in the market. She said: "Just imagine: the centavos I brought with me were not enough."

It was Maria A. Gonzalez de Romero who said that the fair had been a "trick": "In the morning they were selling at one price, but as the hours passed, they raised the price on everything," she said.

"The vendors from the Terminal took advantage. The organizers should have made the merchants wear badges for identification, because anybody was able to come in and start selling."

She concluded by saying: "We were all tricked, we made fools of ourselves, we wasted time, and we paid bus fare to come a long way from where we live to buy things at the same price we would have paid at the market."

Vendors Blame Suppliers

Guatemala City EL GRAFICO in Spanish 7 Jun 86 p 15

[Editorial: "Market Strike and High Cost of Living"]

[Text] Thousands of housewives were surprised yesterday when they arrived at the cantonal markets to do their daily shopping and found the shops and stalls closed. Only the women selling from baskets were working. On asking why everything was closed, the housewives were told simply that "the shopkeepers and stallholders have gone to the National Palace to demonstrate against price ceilings and the higher cost of living." And at noon, hundreds of people gathered in the Central Plaza, which has become a veritable wailing wall, to demonstrate in front of the Ministry of Economy against what they called "the government's lack of control over the prices that producers arbitrarily place on their products." The excited demonstrators shouted: "We retailers are not the ones raising prices--we want justice." They were also demonstrating their rejection of supervision by the Ministry of Economy's inspectors, whom they accused of harassing them.

In the afternoon there was another demonstration, this one by workers and housewives who followed the route from the capital's city hall to the National Palace carrying blankets with protests against the high cost of living and the constant price increases on staple items. Many people feel that the demonstration by the Guatemala Confederation for Trade Union Unity (CUSG) was a failure, but it is a mistake to think so. The reason is that that demonstration was the first in a series of demonstrations aimed at putting pressure on the government to take effective action to contain the high cost of living, unemployment, and the deterioriation in the working class's real wages and at seeing to it that rather than remaining in the realm of election promises, those promises are transformed into realities and specific actions.

What is obvious is that hunger, which is a poor counselor, has begun to generate demonstrations of discontent. For the moment, they are peaceful, but they could degenerate into violence if they are ignored and appropriate steps are not taken to meet the just demands of the most needy. It is not enough to establish maximum prices: what is necessary is to see to it that those prices are fair and suited to the country's economic reality. It is also necessary to ensure that the supply mechanisms are not altered through hoarding and price speculation. The authorities also have the obligation to ensure that quality standards and sanitary measures and regulations in connection with the products are complied with. If those demands are not met, no wage will be able to keep up with skyrocketing prices. For that reason, there can be no

promises that some measure or other is the magic wand that will solve the country's economic problems and that "prices are going to come down beginning next week," because such statements only generate more frustration and disillusionment among consumers, who see that the money at their disposal buys less and less every day and that their standard of living is quickly deteriorating to levels of poverty and destitution.

Accomplishment Questioned

Guatemala City PRENSA LIBRE in Spanish 10 Jun 86 p 10

[Editorial: "The Experiment With Farm Fairs"]

[Text] The attempt to bring down the price of a number of staple products, among them cereals and vegetables, has led a certain government department to organize a farm fair with vendors coming from places as far away as San Marcos.

The effort may have two objectives: first, to enable housewives to acquire those products at lower prices, and second, to benefit small farmers by eliminating middlemen, thus giving farmers the opportunity to earn more from their productive effort. Both objectives are good, and if they can be achieved, a real contribution will have been made to lowering the cost of living in an area to which people with limited means are very sensitive.

The farm fair that was held at El Trebol in Zone 12 last weekend seems not to have pleased all housewives, but if it pleased just a few, that is enough. And not all of them were able to benefit from the experiment because the prices were not substantially lower than those they would have found in the cantonal markets, not to mention the difficulty involved in having to travel to the zone in question, especially now, when the urban transportation service is so bad and the rain is creating an additional obstacle.

In any case, the event was so limited in scope that in no way can it be regarded as having helped to bring down prices. If its effects are to be felt, it is absolutely essential that farm fairs be held in all of the city's heavily populated zones, and in some zones there will have to be more than one, because only to the extent that supply exceeds demand will the phenomenon of a lower cost of living occur. It is true that there are abuses in the cantonal markets in the form of overpriced cereals and vegetables. This means that INDECA should begin by recognizing that the vendors in those markets are the ones who might be affected by the holding of such fairs. Justification for that approach by the government would have to be sought in the maxim that the general interest takes precedence over the interests of individuals.

Meeting the need to set up traveling markets in different neighborhoods requires an organizing ability that INDECA does not seem to have. If it turns out that we are wrong on this point and that farm fairs do multiply happily in every direction, it still needs to be said that that alone is not going to reduce discontent among the people because there are 500 more products whose price is sky high, and no family budget is large enough to pay for products that are essential. Furthermore, the very operation of these fairs causes resentment in those vendors who feel harmed by the government's action, which brings the government into an area properly belonging to the business sector.

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CSO: 3248/566

GOVERNMENT SEEKS CLOSE TIES WITH U.S., VENEZUELA

Green on Relations with U.S.

FL071823 Bridgetown CANA in English 1505 GMT 7 Jul 86

[Excerpt] Georgetown, 7 Jul (CANA)--Guyana, whose relations with the United States were strained under the administration of the late President Forbes Burnham, says it wants to cooperate more with Washington and deepen ties which have improved under the Hoyte administration.

Prime Minister Hamilton Green made the point at a weekend reception here to mark the 210th independence anniversary of the United States.

Guyana welcomes positive dialogue, increased co-operation, and good relations with the United States of America, he said.

Hoyte Message to Lusinchi

FL071825 Bridgetown CANA in English 1511 GMT 7 Jul 86

[Text] Georgetown, 7 Jul (CANA)--President Desmond Hoyte says Guyana wants to maintain close and friendly relations with neighbouring Venezuela.

In a message to Venezuelan President Jaime Lusinchi on the occasion of Venezuela's national day on 5 July, Hoyte noted a deepening of economic co-operation between the two countries with the signing of a barter agreement providing for the supply of Venezuelan oil and other petroleum products here in exchange for bauxite and kaolin.

Guyana salutes Venezuela's proud history and, as a neighbour, reiterates its desire for closer and friendly relations, Hoyte said.

Relations between the two countries were long hampered by a claim by Venezuela to almost two-thirds of Guyana, but there has been a considerable improvement in relations recently.

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CSO: 3298/507

HOYTE DISCUSSES JOINT VENTURE, DIVERSIFICATION PLANS

Projects for Caricom Role

FL051540 Bridgetown CANA in English 1952 GMT 4 Jul 86

[Text] Georgetown, 4 Jul (CANA)--Guyana has drawn up 30 joint venture projects centering around use of local resources in which it is encouraging participation by other Caribbean Community (Caricom) states, President Desmond Hoyte says.

Hoyte made the announcement last night at a news conference called to brief reporters attending the Caricom heads of government summit here about local developments. He said the government was hoping to use these projects to generate sufficient foreign exchange to help clear off Guyana's indebtedness to its Caricom partners.

To pay debts, you have got to export. To export, you have got to manufacture things or offer services, Hoyte said.

We have on the table no less than 30 joint venture projects which would involve Caricom countries and which would link those countries with Guyana's resources to generate sufficient earnings to liquidate our indebtedness over time.

Hoyte said there was one project in operation involving Trinidad and Tobago where a Trinidadian company was supplying raw materials to the Guyana pharmaceutical corporation and receiving finished products.

Another project existed with Barbados, he said, without going into details.

Speaking on efforts to revive the ailing economy, Hoyte said government was tackling the job on three fronts: to strengthen efficiency in the traditional sectors; to diversify in the traditional sectors of sugar, bauxite, and rice and possibly other industries; and to diversify by encouraging manufacturing and other, non-traditional sectors.

Hoyte said the thriving black market or parallel economy was a matter of concern to the government, particularly since it was causing disruption of the economy. It is a phenomenon not restricted to Guyana, arising from the existence of shortages of any type, he said.

Product Diversification

FL061440 Bridgetown CANA in English 2011 GMT 5 Jul 86

[Text] Georgetown, 5 Jul (CANA)--Guyana, still in the grips of a financial crisis, is moving to broaden its economic base and diversify the economy, for decades based on sugar, bauxite and rice, President Desmond Hoyte has said here.

Speaking to newsmen during a break in the 1986 Caribbean Community (Caricom) heads of government conference here, Hoyte said the state-owned sugar sector was diversifying, as was bauxite.

I don't think there is much future in cane sugar, said Hoyte, reflecting on the high production costs and low market prices.

Against this background, he said, the Guyana Sugar Corporation (Guysuco) was looking at producing stock feed, wet ethanol, and a range of detergents--all with a sugar base.

Already, he said, Guysuco had embarked on a dairy farming scheme and by next year should be the largest rice producer here. Additionally, he said, the company is now the largest agency here producing inland fish. The objective is to have on all the (sugar) estates fish ponds to produce for local consumption, Hoyte said.

Similarly, developments were evident in the state-run bauxite sector. Hoyte said the plan here was to expand the narrow range of product.

Government, he said, was developing a kaolin market in Venezuela and elsewhere and had been exporting the commodity for the first time this year.

The Guyana Mining Company (Guymine), he said, was for the first time developing a new type of refractory brick which will be put on the market commercially for the first time this year, and exports of silica sand were already underway.

We are moving in many sectors and I would say basically what we have to do is strengthen efficiency in traditional sectors; diversify in non-traditional sectors; and diversify by encouraging manufacturing and other economic activities across the whole spectrum, said Hoyte.

He said Guyana has not resumed negotiations with the International Monetary Fund (IMF) on balance of payments support. With the IMF recently declaring Guyana ineligible for a new aid programme because of Georgetown's failure to clear an old debt, it would be impossible to resume talks now, Hoyte said.

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CSO: 3298/507

PDC PICKETS AT CARICOM SESSION PROTEST ELECTION FRAUD

FL302329 Bridgetown CANA in English 2314 GMT 30 Jun 86

[Text] Georgetown, 30 Jun (CANA)--Antigovernment protesters today capitalised on the presence in Guyana of several Caribbean leaders to mount a demonstration in the capital alleging fraud in last December's general elections and substandard social and economic conditions.

The picket outside the Caribbean Community (Caricom) secretariat by about 100 people representing the so-called Patriotic Coalition for Democracy (PDC), came on the eve of the 7th Caricom heads of government conference here.

Rupert Roopnarine of the Working People's Alliance (WPA), one of the five opposition parties in the PCDE, said afterwards the main issue was electoral fraud.

We also want to bring to the attention of the delegates the economic and social conditions in Guyana and the oppressed conditions under which Guyanese people and organisations are living in Guyana, Roopnarine added.

The demonstrations chanted "Barbados elections free--Guyana elections rigged" and carried placards, some of them reading "Guyana a disgrace to Caricom" and "Caricom should discuss human rights."

Roopnarine said the demonstration, in which the main parliamentary opposition People's Progressive Party participated, was not a show of protest against the hosting of the summit.

Commenting on the picket, Guyana's Foreign Affairs Minister Rashleigh Jackson said the opposition supporters were exercising their constitutional rights.

The right to picket is part of the democratic pricess, the very process which they claim is abused. I think they are taking advantage of the presence of foreign journalists and representatives from the Caribbean to air their grouses. As a Caribbean person, I think this is unfortunate, but they are exercising their democratic right, Jackson told CANA.

Human rights is not on the agenda of this week's heads of government conference, but there have been lobbies from some quarters, including the Barbados-based Caribbean Conference of Churches, to get the subject before the heads.

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CSO: 3298/507

GOVERNMENT OFFICIALS ADDRESS 'PARAMOUNTCY OF PARTY' ISSUE

National Assembly Discussion

Georgetown GUYANA CHRONICLE in English 5 Jun 86 pp 1, 3

[Article by Dhanraj Bhagwandin]

[Text]

SEVERAL questions and motions from the Working People's Alliance (WPA) and the People's Progressive Party (PPP) were yesterday given precedence over other matters when the National Assembly met for a four-hour session.

It was Members' Day in Parliament yesterday. Members' Day in Parliament is the occasion on which motions and questions of Members of Parliament are entertained.

However, the motions dealing with Women's Affairs, Workers' Education and other issues were thrown out by the House after intense debate and arguments submitted by Prime Minister Hamilton Green and Attorney-General Dr. M. Shahabuddeen.

The motions were moved by Mr. Eusi Kwayana of the Working People's Alliance, who also asked a number of questions.

The questions, one of which was asked by Minority Leader, Dr. Cheddi Jagan, were answered by Ministers of the Government.

During yesterday's session, Cde. Green and Dr. Shahabuddeen stoutly defended the importance of the Party as an arm of the Government.

Quoting from political analysts and the history of 19th century Liberalism, the Attorney-General said the Party is an important form of modern political organisation. It informs the policies of Government.

Paramountcy of the Party exists in every democratic society, Cde. Green added.

They were responding to charges made by Mr. Kwayana who, in motions, objected to Vice-President Ranji Chandisingh being assigned responsibility for Women's Affairs, Workers' Education and the well-being of young persons and children.

Cde. Chandisingh is Vice-President, National Mobilisation and Deputy Prime Minister, as well as General-Secretary and Deputy Leader of the People's National Congress.

On the subject of Women's Affairs, Mr. Kwayana said the assignment was ill-advised and failed to reflect the aspirations of Guyanese womanhood.

And with respect to the motion on the well-being of young persons and children, he contended that this assignment may sharply conflict with parental choice and the accepted principle of individual freedom.

Those responsibilities were assigned to Cde. Chandisingh by the President in accordance with the Constitution, Dr. Shahabuddeen pointed out.

In addition, those responsibilities are consistent with provisions of the Constitution which guarantee individual freedom and the right to education.

The Constitution, the Attorney-General continued, has made special provision to deal with the issue of women's equality as is evidenced by Article 29.

In answer to a motion by Mr. Kwayana seeking to amend Article 149 of the Constitution which does not guarantee the right of freedom from discrimination on the grounds of sex, the Attorney-General said the motion is based on a disjointed reading of the Constitution.

Also among the motions moved by Mr. Kwayana was one seeking to revise the law which restricts the Police and their families from carrying on legitimate business or from residing at any premises where a family member carries on business.

While it was agreed that the law was restrictive and needs to be reviewed, the Attorney-General said a special Commission was now examining conditions of service of the Police Force, and is likely to deal with the issue.

Another WPA motion sought to get a committee appointed to examine deductions which are perceived to be involuntary in the Guyana Defence Force.

However, Prime Minister Green, a member of the Defence Board, expressed satisfaction with the Force whose difficulties have always received attention.

At yesterday's session, Mr Kwayana asked several questions including one relating to an action programme for economic recovery introduced in 1982.

In reply, Deputy Prime Minister, Planning, Cde Haslyn Parris confirmed that such a statement was prepared in 1982, a copy of which was given to the IBRD, but not to the IMF.

Minority Leader Dr. Cheddi Jagan also asked whether the appointments of Cde Harun Rashid, Kenneth Denny, Malcolm Corrica and Agnes Bend-Kirton Holder were intended to rank as Government appointments.

Finance Minister Carl Greenidge said that those appointments were matters for the PNC.

Shahabuddeen Reply

Georgetown GUYANA CHRONICLE in English 6 Jun 86 pp 1, 4

[Letter to the Editor]

[Text]

1986-06-05

Dear Editor,

In reporting yesterday's debates in the National Assembly on the subject of paramountcy of the Party, today's "Guyana Chronicle" stated that "Cde. Green and Dr. Shahabuddeen stoutly defended the importance of the Party as an arm of the Government." This was inaccurate. Neither Cde. Green nor I said that the Party was an arm of the Government.

The argument was that the Party had evolved over the last century from being a kind of informal club to being the hub of modern political mass organisations; that the Government of the day now took its policy from the Party which formed the Government; that this process had reached the point where political scientists were today describing the State as "the Party State"; and that accordingly officials, whose contractual duty it was to carry out the policy of the Government, could only properly understand that policy in the light of the policy of the Party in office.

During the debates I referred to a seminal 1975 statement on the subject by the Founder-Leader in which he said "every Cabinet Minister in these days must be a member and subscribe to the ideology and policy of the Party...". I pointed out that, by contrast, that statement did not apply to the ordinary public service.

The Founder-Leader recognised that many of the members of the public service were not members of the Party in office. In his view, they also had a duty to seek to understand the policy of the Government in the light of the policy of the Party in office, but he made it clear that this duty rested on a contractual basis and did not involve compulsory acceptance of the ideology of the Party.

I expressed the view in Parliament that the motion suffered from the infirmity of failing to distinguish between education and information, on the one hand, and, on the other hand, using the machinery of the State for the purpose of proselytising and enforcing subscription to a particular political philosophy. Paramountcy of the Party was relevant to the former but not to the latter. It might be called by different names and be more or less institutionalised in different places, but the principle on which it rested was common to all countries in which governments were formed by mass political movements.

This must be so, I may add, for the reason, among others, that the mandate given to a party to form the government derives from the sovereign will of the people as expressed during elections. In the approval given by the people to the policy presented to them by the party in question. Ultimately, service to the people can only be intelligently given on the basis of a proper understanding of the policy approved by the people. The policy approved by the people is to be found in the policy of the Party elected to govern.

In the House, I took the opportunity to point out that in the course of his 1975 statement the Founder-Leader dealt with another area of misunderstanding when he said that paramountcy of the Party does not mean interference by "Non-Government Party members or officers" with the ordinary working of the governmental machinery.

Yours co-operatively,
(M. Shahabuddeen)
Vice-President, First Deputy Prime Minister and Attorney-General.

Discussion in PNC Organ

Georgetown NEW NATION in English 8 Jun 86 pp 1, 4

[Text]

THE mandate given to a political party to form the Government derives from the sovereign will of the people as expressed during the general elections. The people express their will based on the policy

presented to them by the party during the election campaigns.

The Government, in its role of providing service to the people can only do so intelligently by properly understanding the policy of the party approved by the people. This was carefully explained to members of the Minority parties in the National Assembly, Wednesday.

On Wednesday, the National Assembly met to debate the subject of paramountcy of the party following motions by some sections the Parliamentary opposition. Chairman of the General Council of the People's National Congress and Attorney General, Cde. Mohamed Shahabuddeen, who is a Member of Parliament; and member of the Central Executive Committee of the Party and Prime Minister, Cde. Hamilton Green, responded to the motions on behalf of the Government.

They noted that the political party, over the last century, had evolved from being a kind of informal club to being the hub of political mass organisations.

In the world today, political scientists are describing the state as a "party state," based on the fact that the Government of the day now takes its policy from the party which forms the Government.

Accordingly, officials whose contractual duty it is to carry out the policy of the Government can only properly understand that policy in the light of the policy of the party

Just over a decade ago, the Founder-Leader, Cde. Forbes Burnham, stated that "every Cabinet Minister must be a member and subscribe to the ideology and policy of the Party..."

This statement in no way applies to the ordinary public servant, many of whom are not members of the party in office, the People's National Congress.

However, in the view of the Founder Leader, these public servants also have a duty to understand the policy of the Government which derives its policy from the Party. Yet this did not involve compulsory acceptance of the ideology of the Party.

On Wednesday, Cde. Shahabuddeen recalled that as far back as 1975, the Founder Leader had to deal with another area of misunderstanding of the idea of paramountcy of the party. On that occasion he pointed out that paramountcy of the party does not mean interference by "non-Government party members or officers" with the ordinary working of the governmental machinery.

When Cde. Shahabuddeen responded to the motion by the Minority parties in Parliament, he expressed the view that the motion "suffered from the infirmity of failing to distinguish between education and information, on the one hand, and using the machinery of the state for the purpose of proselytising and enforcing subscription to a particular political philosophy on the other."

Policy of the party was relevant to the former but not to the latter. This principle of paramountcy is called by different names in different places. However, it is common to all countries in which governments are formed from mass political movements.

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CSO: 3298/507

PPP'S JAGAN ASSAILS HOYTE STRATEGY AS 'PRO-IMPERIALIST'

Georgetown MIRROR in English 1 Jun 86 p 1

[Text]

PPP Leader, Cheddi Jagan, has labelled the economic strategy of President Desmond Hoyte as 'pro-imperialist' which could create only an 'illusion of prosperity in the beginning' but will not, as in the case of Jamaica, lead to 'any permanent solution' to the grave crisis facing the country.

The President, speaking on the occasion of the 20th anniversary of independence, defined his strategy as 'Partners in Development' and announced that the government has agreed to enter into joint projects with Brazil and Venezuela to exploit the country's resources.

'We will be pursuing a principle of aligning our resources with the resources for mutual benefit.' said Hoyte, who feels that the prospects for his model are 'very good'. He called for the 'creative participation' of the state, co-operative and private sectors, to make a success of his strategy.

Joint development of the Essequibo region, which was one of the pressures put on Forbes Burnham during the Guyana/Venezuela border controversy, was rejected then by Burnham. That, however, has now been accepted as the main plank of Hoyte's strategy in his attempts to 'look outward' for assistance.

The model adopted by the government, is not a new one, contended the PPP leader during an interview with the MIRROR. 'The Equal Partnership Strategy was formulated under the administration of US President, Richard Nixon, as long ago as 1970. In a trip to Africa, the then Secretary of State, William Rogers, said that American companies were willing to develop joint projects with African capital, both state and private', Dr. Jagan explained.

The strategy was brought to Latin America, which was then described by Chilean President Eduardo Frei, as the 'Chileanisation of Copper'. In the latter half of the '80s, Chile bought shares in the copper monopoly exploiting the metal in that country. That did not save the economy. Even worse, it led to fascism, backed by the United States.

In Guyana, the Burnham government in 1970 opposed nationalisation of the bauxite company, but instead, and keeping in line with Nixon doctrine, advocated 'meaningful participation', meaning then majority share holdings. 'Now, with Guyana in a bankrupt state', said Dr. Jagan, "even the majority share holding is being scuttled'. He pointed out that Equal Partnership Strategy was never intended to be equal. 'This new tactic of imperialism evolved when transnational corporations were faced with nationalisation in many third world countries. The inequality of that strategy placed 3rd world countries in a new form of neo-dependency. The stark reality today is the severe crisis in these countries largely due to the

tremendous econimic drain from Africa, Asia and Latin America to the West'.

Independent Course

Dr. Jagan repeated the PPP's position that Guyana has a lot to gain with co-operation with its neighbours. But, he argued, this would be of benefit if only the countries of the region 'pursue an independent course and not permit private foreign capital, which dominates the economies of Latin American countries, to dominate Guyana'.

The President, who stressed that Guyana is poised for a new stage after 20 years of independence, announced plans and projects in keeping with his new strategy of bringing in foreign capital. The areas of investment include petroleum, gold, diamond, rice, etc. So far, the President has not made mention of offshore banking in Guyana. He announced the construction of a 'privately financed' hydro-project and is hoping the country would produce oil by next year.

Dr. Jagan maintains that the country's future and independence will be jeopardised and lashed out at the ruling PNC for rejecting the call by the PPP for a political solution in the country and the formation of an anti-imperialist, socialist-oriented course and to develop stronger relations with the socialist and non-aligned countries.

No Mention of Poverty

The President, on the eve of independence, boasted about the achievements of the PNC. He did not, however, mention the growing levels of unemployment, malnutrition, shortages, low wages and huge loss of skills through migration. He failed to mention that thousands of Guyanese now live off 'gift barrels' and money from overseas. He did not mention how the 25,000 workers dismissed between 1981 and 1984 would be re-employed. He did not mention the lack of democracy, the emasculation of the trade union movement, the cuts in expenditures in education, health and other services. And what about housing? The President, who boasts self-confidence and the creativeness of the Guyanese people failed to explain the need for a huge military apparatus and raped elections.

On many occasions the President repeated that he would not 'adopt rigid, inflexible postures and indulge in idle rhetoric'. That posture, however, is easily interpreted as cover for swinging to the right and into the arms of the imperialists.

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CSO: 3298/507

GOVERNMENT, WORKERS DISAGREE ON STATE OF NATION

NAACIE Leader's Views

Georgetown CATHOLIC STANDARD in English 1 Jun 86 p 2

[Editorial]

[Text]

WITH GREAT interest we listened last weekend to two speeches that described the state of our country on the twentieth anniversary of its independence.

One by President Desmond Hoyte was delivered at a public rally and broadcast to the nation; the other by Professor Clive Thomas was given at the opening of NAACIE's delegates'conference.

The impression gained on listening to the two speakers was that they were talking about two entirely different countries.

The one presented a glowing picture of the PNC's achievements at home and abroad over the past 20 years.

We have built a nation, he said, we have shown we can manage our own affairs, our own businesses and banks.

We have created the physical infrastructure that are necessary preconditions for rapid economic expansion and development. Things are happening. We are full of optimism.

An altogether different picture was painted by Professor Thomas. It is essential, he told the workers, that you base your deliberations on facts. No expression of optimism will solve your problems.

Over the last decade he said, our standard of living has declined in absolute terms. Wages are now extremely inadequate, unemployment is rife and so is underemployment.

Our physical assets have been de-capitalised, our factories and plants have been run down and the servicing of machinery has been very neglected.

Our human assets, too, have suffered from the steady stream of emigration and the employment of square pegs in round holes.

Because of mismanagement, non-accountability and the continuous preoccupation with security, we have witnessed, he said, the destruction of the state as an agent of development.

President Hoyte indicated that the Government is willing to change. It is now flexible, he said. There is no room for rigidity.

Government is now looking for investors to provide capital to exploit the country's resources in joint ventures with the Government.

Major developments along these lines are expected in oil exploration and drilling and small hydro-power schemes

A quantum leap forward, the President said, should take place in gold and diamond production next year and the bauxite industry rehabilitation is to be pursued.

On the other hand, Professor Thomas pointed out that there was no future in sugar as a sweetener, and this was our main foreign exchange earner.

Although the present situation

was foretold for many years, he said, there has been only token diversification of the industry.

In the field of education and culture, the President gave an impressive list of achievements, among them the building of many schools and the Cultural Centre, the provision of free education and the hosting of the first Carifesta.

The Professor pointed to the bare shelves in our book shops and commented that we have de-linked ourselves from the forefront of science and culture.

Even the University has bought no books or periodicals for years to enable students to keep up with developments in their respective fields of study.

The showing of Guyanese candidates, too, at the CXC and GCE examinations is the poorest in the region.

We, ourselves, are optimistic, not, however, with the false optimism that blinds itself to the poverty-striken state of our country today, but with the promise that lies with the Guyanese people.

With admirable fortitude they have endured the great hardships imposed on them over the years - the shortages of essential foodstuff, the lines, the poor wages, the general deterioration in their living conditions.

Many trade unionists, human rights activists and church people have continued in the face of great odds to struggle for improvement in the lot of their fellow Guyanese.

In addition, we are glad to see projects such as the St. Francis Night Shelter, the Cathedral Feeding Programme and so many other efforts Guyanese are making today to help each other cope with the situation.

Our optimism lies with such people and in the God who inspires them and gives them the will and the strength and the courage to continue the struggle for necessary change.

Call for Government's Resignation

Georgetown CATHOLIC STANDARD in English 1 Jun 86 p 4

[Text]

THE National Association of Agricultural, Commercial and Industrial Employees (NAACIE) last weekend passed a resolution at its 39th Delegates' Conference calling on the TUC to demand the immediate resignation of the Government.

The resolution stated that "all decent-minded Guyanese are very much disturbed at the PNC's massive rigging of the Dec. 9, 1985 General and Regional Elections ... Democracy and the freedom of choice of the people have been raped and the Government has been threatening and intimidating people who publicly deprecate the rigging".

There was one abstention during the voting on this motion.

The resolution also called for appropriate changes in Guyana's electoral laws, and for the holding of free and fair elections within the shortest possible time.

Delegates at the Conference also passed a resolution calling on the Government to repeal Part II of the National Security Act, which permits the detention of anyone "likely to cause the subversion of democratic institutions in Guyana".

A motion which sought the abolition of the National Development Surtax and the PAYE system of Income Tax was amended and called instead for an Income Tax allowance of $3,000: per annum for each man, woman, child and dependent relative, and for such deductions to be made on a cumulative basis, weekly or monthly as the case may be, instead of by quarterly adjustment.

The Conference also empowered NAACIE's Executive to call on the Government to have Guyana Time synchronised with Caribbean Time, and to restore rail transportation.

One motion tabled which sought the allowance of a free enterprise system was withdrawn.

Five-Day Workweek

Georgetown GUYANA CHRONICLE in English 29 May 86 p 1

[Text]

THE Public Service Ministry yesterday issued the "go-ahead" for the implementation of a five-day work week for office workers in some three dozen ministries, departments and agencies, effective June 2.

The new arrangement initially benefits workers in areas where the implementation of a five-day week will not result in any "controversy" or serious disruptions. A nine-month trial period will be observed.

Meanwhile, with respect to workers in "controversial" areas, the Five-Day Work Week Committee, management of such agencies, and the Guyana Trades Union Congress will continue to discuss and examine proposals to facilitate a five-day week for these workers.

The five-day week is being implemented on a trial basis following an agreement between the Government and TUC on the measure, intended to bring relief to workers by facilitating more structured recreation and leisure, and to conserve on transportation costs, and electricity, and telephone charges.

Among the conditions under which the system is to be introduced, there should be no change in the number of hours per week that workers will work.

After the nine-month trial period, a decision will be taken whether the five-day week will be permanent, if the old system will be reintroduced, or if a modified five-day week system is to be implemented.

/9274
CSO: 3298/507

GUYMINE PROGRAM SEEKS 'SPEEDY RETURN' TO PROFITABILITY

Georgetown GUYANA CHRONICLE in English 3 Jun 86 pp 1, 5

[Text]

GUYMINE has embarked on a programme which, in the long term, would lead to the improvement of its operational efficiency and to its speedy return to profitability.

The two most important parts of the programme are a policy of product diversification and the streamlining of the organisational framework of the company.

This pronouncement was made by Chairman and Chief Executive Officer, Cde. Dunstan Barrow, when he delivered the feature address at the 25-Year and Special Incentive Awards Ceremony held recently in the Guymine Constabulary Recreation Hall.

Thirty-two employees were honoured, for giving twenty-five years of service each to the industry, while fifty-seven were recognised for outstanding performance.

Cde. Barrow told the gathering that because the management of Guymine recognises that the company is operating in a fiercely competitive international arena, it has to pull out all the stops to remain a viable supplier in the market. As such, it must find a way to compete favourably in the market which is flooded with large quantities of Chinese refractory bauxite, high alumina refractory material from the U.S.A., eufala and mulcoa and andalusite, dolomite, magnesite and synthetic materials from other suppliers.

He said that because these materials are attractively priced to compete with our traditional RASC material, Guymine has been experiencing a contraction of its share in the market and a consequential reduction of revenue.

To avert this slide in our market share, Cde. Barrow declared that it is imperative for the company to develop a number of new products which would be in commercial production within the next eighteen months.

Apart from the production of new bauxite materials, Cde. Barrow said that the company is also working on the development of kaolin and silica sand production in commercial quantities.

He further informed the gathering that because the beneficiation of these two products is not a straightforward and simple process, an injection of capital investment and technological expertise is necessary.

EFFICIENT

On the question of streamlining the organisation, Cde. Barrow said it is a direction to shorten the lines of command from the C.E.O. to the floor worker. This, he opined, would assist to make the new structure much more efficient.

Cde. Barrow said departments would be combined to maximise the use of scarce resources (equipment, money and skills) and to improve on the efficiency of these functions. So far, this has been implemented in some areas.

Cde. Barrow explained that this exercise would involve the reassignment of personnel in various departments and at some locations.

Cde. Barrow added that Guymine like the successful international companies, must streamline its management structure and improve its management systems if it is to be a successful entity.

/9274
CSO: 3298/507

FOREIGN CRITICISM OF GOVERNMENT, ECONOMY SLAMMED

Georgetown SUNDAY CHRONICLE in English 8 Jun 86 p 1

[Page One Comment]

[Text]

An article appeared in the *"Nassau Guardian"* of May 28, entitled "Guyana teeters on the brink of economic collapse."

The piece was written by one Hugh O'Shaughnessy, and the by-line describes him as a correspondent for the "London Observer."

It is clear that the article in question is informed by the views of opposition elements and those who are disgruntled for one reason or another.

O'Shaughnessy writes predictably about Guyana's economic problems. But he is not to be trusted with the facts.

For example, he asserts that the Foreign Minister of Guyana was recently in London "seeking a Western financial bail-out."

This is totally false.

Foreign Minister Jackson was recently in London to attend a meeting of Caribbean representatives. This meeting was totally unconnected to any activity in respect of a "financial bail-out."

The unsolicited advice about the Guyana economy and other mischievous statements can be safely dismissed.

But we wish to open the columns of this newspeper to the Bishop of Georgetown, Benedict Singh and the General Secretary of the Guyana Trades Union Congress (TUC), Joseph Pollydore to respond to an allegation made by the "Observer's" correspondent.

It is claimed by O'Shaughnessy that the TUC and the hierarchy of the Catholic Church have called for the resignation of the Government.

The Catholic Church's hierarchy and the TUC must have met in secret and took this decision. And the secrecy must have continued, for neither the Guyanese people nor the President of this country has been informed that the Catholic Church and the TUC have called for the Government's resignation.

In Guyana there is a group of men who specialise in making a profession of their disgruntlement. But what is worse is that they peddle 'misinformation' of the kind fed to O'Shaughnessy.

What must the Guyanese people do?

They must remain vigilant against those who would seek to undermine the activities of the Government. They must be vigilant also against the disgruntled opposition elements who contribute directly to the campaign to discredit Guyana.

/9274
CSO: 3298/507

TEXT OF HOYTE MESSAGE ON OCCASION OF MUSLIM OBSERVANCE

Georgetown GUYANA CHRONICLE in English 10 Jun 86 p 1

[Text]

PRESIDENT Desmond Hoyte has observed that the theme of unity, equality and peace which is the essential message of Eid-ul-Fitr has profound relevance in the context of our society and should inform our thoughts and actions at all times.

Cde. Hoyte's remarks were contained in a congratulatory message to Guyanese on the occasion of Eid-ul-Fitr.

Following is the text of the message:

"Our Muslim brothers are now celebrating one of the most important festivals on their religious calendar, that of Eid-ul-Fitr. Eid signifies the end of a period of fasting and abstinence which strengthens the mental discipline of those who observe it. On behalf of the Government and people of Guyana I wish to congratulate the Islamic community on this joyous occasion and to extend to them greetings and goodwill.

EQUALITY

"The Holy month of Ramadan — as this period of fasting is called — also serves to focus on the underlying equality of Islam since all Muslims, regardless of their social status, participate in this rigorous exercise of self-denial.

"As Muslims throughout Guyana gather in their masjids for prayers and rejoicing, it is good that not only they, but all Guyanese focus on the essential message of Eid-ul-Fitr. For the theme of unity, equality and peace has profound relevance in the context of our society and should at all times inform our thoughts and actions.

"The end of Ramadan and the celebration of Eid-ul-Fitr, therefore, should see us all — Muslim and non-Muslim — strengthening our togethemess and co-operating to develop our country in a climate of peace and goodwill."

/9274
CSO: 3298/507

LEADERS OF VARIOUS RELIGIOUS GROUPS HOLD 'HISTORIC' TALK

Georgetown SUNDAY CHRONICLE in English 1 Jun 86 p 1

[Text] HISTORY was created in Trinidad when the Trinidad and Tobago Sanatan Dharma Maha Sabha held a Pandits' conference at which Heads of at least two Christian churches and a Muslim Organisation were present.

They were Archbishop Pantin of the Roman Catholic Church, Rev. Cyril Paul of the Presbyterian Church and Imam Zainul Khan of the Ahmadiyya Movement. Anglican Bishop, Clive Abdullah was out of the country.

Guyana's Pandit Gowkaran Sharma, President of the Caribbean Pandits' Council was also among the church dignitaries and he was accorded the honour of addressing the assembly. One of the highlights of his talks was a call for better understanding of the religious beliefs of Hindus, Christians and Muslims and that religion must be a cohesive force in society, points which were also emphasised by Archbishop Pantin. According to Mr. Sat Maharaj, Secretary-General of the Trinidad and Tobago Sanatan Dharma Maha Sabha this ecumenical meeting heralded the dawn of a new era in co-operation and friendship among the major religions.

Guyana is scheduled to host another such Caribbean meeting at which Archbishop Pantin, among others, expressed his willingness to attend.

This augurs well for better relationships among our churches in Guyana in the future.

/9274
CSO: 3298/507

BRIEFS

VENEZUELAN TRADE MISSION--Georgetown, 23 Jun (CANA)--A Venezuelan commercial mission left here at the weekend after four days of fruitful exploratory trade talks with local public and private sector representatives, a senior Trade Ministry official said. The Venezuelan team was supplied with lists of especially non-traditional products which Guyana could supply to Venezuela. For both sides, the opportunities look very good, the official said. It is expected that imports would initially be made by Guyana, under a line of credit agreement which already exists between the two countries. Products that were discussed by the representatives of the two countries were steel and steel products, paper and paper products, pharmaceuticals, electrical products, water pumps, and agricultural and other chemicals. The Ministry of Trade here will be responsible for coordinating action on the exploratory talks between individual local companies and Venezuelan companies represented on the Venezuelan mission. [Text] [Bridgetown CANA in English 2203 GMT 23 Jun 86 FL] /9274

JAPANESE BAUXITE EQUIPMENT--Georgetown, 27 Jun (CANA)--Mining equipment worth 3.6 million dollars (U.S.) arrived yesterday from the Japanese firm of Komatsu. Officials of the state-owned Guyana Mining Enterprise said it would be used to assist the company in achieving its 1986 stripping and mining targets. The shipment comprises heavy duty equipment that will be used to remove overburden during the stripping process of mining bauxite ore. It was acquired under a barter arrangement and is the second major one of its type this month. A shipment of 600,000 dollars (U.S.) worth of mining equipment arrived earlier this month from the Caterpillar firm of the United States. In his May Day address this year, President Desmond Hoyte spoke of plans to rehabilitate the bauxite industry, one of Guyana's main foreign exchange earners, and to develop new products. [Text] [Bridgetown CANA in English 1659 GMT 27 Jun 86 FL] /9274

GUYANA-U.S. ASSOCIATION--Several Guyanese attended the first general meeting of the Guyana-United States Economic, Social and Cultural Association, at the Pegasus Hotel last Monday night and expressed their belief that the Association was sincerely concerned with improving relations between the peoples of the two countries. The meeting, held in Savannah Suite, began with the First Vice-President Richard Ishmael introducing the President of the Association Harold B. Davis. One immediate plan of the Association is the holding of a cultural presentation. The date and the venue are to be decided on. Delivering the vote of thanks at the meeting was well-known lawyer, Rex McKay, S.C.,

the third Vice-President of the Association. The Executive members of the Association are Jules De Cambra, Ken De Abreu, Ronald Alli, Treasurer, Justice Prem Persaud, Bharat Kissoon, Vic Insanally, Badrinauth Boodhoo, Hashim Hack, Dr Hughley Hanoman, John Ramessar, Secretary, Clifford Reis and Claude Saul. [Text] [Georgetown GUYANA CHRONICLE in English 6 Jun 86 p 5] /9274

PROTOCOL WITH DPRK--The Third Session of the Guyana-DPRK Joint Commission came to a successful end yesterday in the boardroom of the Ministry of Trade where a Protocol was signed by the co-chairmen. It covers various aspects of trade and economic cooperation between the two countries. The five-member DPRK delegation was headed by Cde. Choi Jong Gun, Minister of Trade, and the Guyana delegation was headed by Cde. Winston Murray, Trade Minister. While in Guyana, the DPRK delegation visited a number of projects undertaken by the Government of Guyana in collaboration with the Government of the Democratic People's Republic of Korea. These include the Onverwagt Irrigation Project, the MARDS Rebuild Workshop and the NARI Experimental Station at Burma and the Eclipse Falls Hydropower project site in the Matarkai area of the North West District. The team was also received by Cde. Haslyn Parris, Deputy Prime Minister, Planning and Development, Cde. Robert Corbin, Deputy Prime Minister, Agriculture. During the remainder of their stay in Guyana, the DPRK delegation will visit various places of interest, including the bauxite operations at Linden, the Guyana Liquor Corporation, the Uitvlugt sugar factory, the President's College and Guyana Fisheries Limited. [Text] [Georgetown GUYANA CHRONICLE in English 30 May 86 p 1] /9274

PETROLEUM-PRODUCTS TAX--A motion affirming the Consumption Tax (Amendment) (No 2) Order 1986 was yesterday passed by the National Assembly. The Order has revised the rate of consumption tax on a number of petroleum products. According to Finance Minister Carl Greenidge, the measure seeks to rationalise the regime with respect to consumption tax and to accommodate the fluctuation in the rpices of petroleum products on the world market. He said in order to cushion movements in petroleum prices on the international market which have been very erratic, the consumption tax was being manipulated. However, both Mr Eusi Kwayana of the Working People's Alliance and Cde Reepu Daman Persaud of the People's Progressive Party said that explanation should be given about the prices of petroleum products. In response, Cde Greenidge said while the price of oil from Venezuela was lower, account should also be taken of insurance and freight. He said since the agreement with Venezuela, prices have moved once but the retail price has not changed. [Text] [Georgetown GUYANA CHRONICLE in English 5 Jun 86 p 1] /9274

PNC MEMBERSHIP DRIVE--The People's National Congress, as part of its programme to strengthen the Party has begun a campaign to increase its full membership. The Constitution of the Party stipulates that for a person to become a full member he must first serve, satisfactorily, for a period of not less than one year as a probationary member attached to a party group. After the probationary period through the group and the District the member is recommended for full membership. Many Party members continue to hold probationary member status with the result that the number of persons with the status of full member is small. Senior Executive Secretary and Head of Department of Party

Affairs and Mass Organisations, Cde Kenneth Denny, has already initiated a programme to correct this situation. The various Party group chairmen are veing informed of their need to report on the probationary members and to recommend those who have satisfactorily completed their period of probation, for full membership status. Full membership is the status of the Party leadership. [Text] [Georgetown NEW NATION in English 1 Jun 86 p 1] /9274

CSO: 3298/507

ABRAHAMS SECOND JLP MP TO DESERT PARTY

Port-of-Spain TRINIDAD GUARDIAN in English 8 Jul 86 p 5

[Text]

KINGSTON, July 7, Cana — RULING Jamaica Labour Party (JLP) parliamentarian and former Tourism Minister, Anthony Abrahams, has resigned from the party, saying that it had departed from the ideals of founder and national hero, Sir Alexander Bustamante.

The second JLP parliamentarian to resign from the party the past two months, Abrahams crossed the floor to sit in the Opposition benches.

Abrahams made public his resignation last night, delivering another embarrassing blow to the JLP as it campaigns for the crucial July 29 Local Government elections, trailing badly in the opinion polls.

Abrahams said he left the party because of prolonged interference by JLP Chairman, Bruce Golding, in constituencies he has represented.

The last straw was Golding's alleged interference in an impasse over Local Government candidacy for the East Kingston Constituency the former Minister represents in Parliament, he added.

He gave no details, and Party Chairman Golding was unavailable for comment.

In May, Howard Wedemire, who inherited a Western Jamaica Constituency when the Opposition People's National Party (PNP) boycotted the December, 1983, general election, resigned from the JLP, claiming that the interest of his and other rural constituencies was not being looked after.

Wedemire had complained of failing, after three months of attempting, to get a meeting with party leader and Prime Minister Edward Seaga.

In a caustic speech last May, Mr. Seaga alerted supporters to more resignations from the party by representatives who he said had not done a good job.

Abrahams's departure leaves the Government with 58 of the 60 seats in the Lower House of Parliament, and according to observers here, raised interesting questions about the appointment of a Leader of the Opposition, with two members now occupying the Opposition benches.

At least two top constitutional lawyers here had felt that Wedemire, after he left the JLP, had an automatic claim to the post, but the Government rejected this view, as apparently had the Governor General, Sir Florizel Glasspole, who is empowered to make such appointments.

Abrahams's relationship with the party had long appeared tenuous.

It has only been two months since he has been again personally giving any level of serving to his constituency, being abroad most of the time.

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CSO: 3298/508

DEL MAZO SPEAKS ON PARASTATE SALES, SICARTSA II PROJECT

Mexico City EXCELSIOR in Spanish 13 Jul 86 pp 19-A, 27-A

[Excerpts] The secretary of energy, mines and parastate industry, Alfredo del Mazo, clarified yesterday that none of the industries at the Lazaro Cardenas industrial complex in Michoacan would be offered to private buyers. During his swing through the town, the secretary asserted that a 5 to 20 percent share for foreign investment is beneficial because it is complementary.

During his visit to the Michoacan industrial port Del Mazo emphasized "the large and growing share of foreign exchange earnings that the Lazaro Cardenas-Las Truchas Steel Complex has accounted for. The enterprise is currently 147 percent ahead of its originally programmed exports for 1986."

Referring to foreign investment in the sector's enterprises (SICARTSA, NKS, PMT [Mexican Tubing Producer] and Fertimex [Mexican Fertilizers]), Alfredo del Mazo indicated that it has been duly authorized and stands at just 5 percent (20 percent in the case of the PMT), which is a complementary and, thus, very beneficial level.

At the conclusion of his tour of the enterprises at the port, the secretary of energy, mines and parastate industry answered questions from reporters, and regarding doubts as to whether the local plants were among the enterprises that will be sold to private buyers or foreign investors, he clarified:

"None of them. We will carry on and we are also noting gains in productivity. SICARTSA has shown us a very clear idea today of the efforts that both the workers and the technicians are making. We are seeing a favorable trend towards greater efficiency and productivity at the plant," he said.

He also made it known that work would continue on the second stage of the steel complex at Lazaro Cardenas (SICARTSA II), "and in fact we will announce shortly the rest of the steel industry reconversion program. We are going to support the second stage financially so that things get done more quickly."

8743
CSO: 3248/584

DURAZO DENIES HAVING INFORMED ON DRUG TRAFFICKERS

Mexico City EXCELSIOR in Spanish 3 Jul 86 pp 4-A, 24-A

[Article by Rafael Medina Cruz]

[Text] "Me an informer?...I'm too much of a man for that. I don't inform on anyone. I haven't informed even on friends right in the police force who've hurt me. Much less am I going to inform on people I don't know," said Arturo Durazo Moreno when interviewed yesterday behind bars in the 26th criminal court at the conclusion of the proceedings from which four of the six subpoenaed witnesses were absent.

For the first time since he was arrested in San Juan, Puerto Rico, the former director of the Mexico City Police spoke openly to the mass media not only about Jose Gonzalez Gonzalez, the author of the book "Lo Negro del Negro Durazo" [The Dark Side of Blackie Durazo], but also about the "system that I have always served. He claimed that he was never arrested, that he surrendered; that he is not an addict, "and the examinations that they performed on me in the United States prove that." He also commented on other matters such as the family, "which is what ought to be of the most concern to us."

Saying that he was speaking "the truth straightforwardly and if you find out that I'm telling lies, go after me," Durazo Moreno flatly denied in a hoarse voice that during his stay in a Los Angeles, California prison he had informed on drug traffickers.

"I don't know any of the ones who have recently been arrested...I really don't know where they get all these things. They're out and out lies."

Rushing his words, he did not fail to emphasize that "I've lived my whole life in the system (and if you're in important posts, you get asked for a lot of favors, which you really can't refuse to do)." Wearing tinted glasses and a standard beige outfit and a jacket, Durazo Moreno then spoke of his colleagues in the police.

"They're the worst of all. They're angry that I made it so big. They're angry that I managed to get somewhere, to make some money."

"Do you think that revenge is the reason for what's happening?" he was asked.

"A group of people started it all. The pamphlets," he said, referring to the book by Gonzalez Gonzalez, "were handled by someone behind him. That Gonzalez fellow is just a puppet. He's disgusting. He's a crazed cocaine addict...a pathological lier."

Durazo surprisingly agreed to talk with reporters after greeting one of their deans, el Guero Tellez Vargas, to whom he said the following in connection with the attacks that the author of the book "Lo Negro del Negro Durazo" says he has suffered: "When I hit, I hit hard. I don't fool around."

"To begin with," he clarified in front of microphones, flashing cameras and TV spotlights, "I was never arrested. I surrendered. I want that made clear. After I did so (surrender, as he claims), I was put under arrest.

"The American authorities did tests on me to see whether I was taking drugs. They never found any junk in me. I'm not saying this. The Gringo judge himself did. You," he said, pointing to this reporter, "you heard it in the courtroom in Los Angeles. I'm clean in the United States. I owe nothing back there."

"So then," he was asked, "do you deny everything that is being said about you?"

"I'm not the only who denies it. The judge who read the gossip in the book did too. Gonzalez Gonzalez was never able to prove anything. That has been made clear...very clear. I could say that I'm innocent, but the judge is the one who is going to determine that. She will do so when she has evidence to sentence or to acquit me, not before. I can say a thousand things, but as I told you, the judge will have the last word. The civil court judge did; he ruled that Gonzalez Gonzalez caused me pain and suffering by telling so many lies and he ordered him to indemnify me by handing over half of what he made off that trashy little book."

He went on to say that "I would like him to appear before this court. That Gonzalez fellow is a disgusting human being. He's worthless. I didn't know him. The poor devil, they manipulated him. I never lived in Tacubaya. I've never been ashamed of my family; they're the ones I love and respect the most. He was or is, I don't know, a drunk, a drug addict. He fell asleep in chairs; that's why I ran him out. I met him," he corrected himself, "when they shot police chief Vega, but he was never my friend, as he says in the book."

Durazo seems not to tire of speaking ill of his accuser. "They controlled his mind. He's like a sick person. He's stupid. He's a pathological lier. I don't where he got all those lies from. I bought my house, the one in Ajusco, 20 years ago. The subway cost me 10 pesos. The construction is 17 or 18 years old. Check it out, and if I'm telling a lie, then come after me."

"Really" (he repeats this word constantly throughout the interview) "everyone knows about my actions. When I headed up the police force, organized crime was gotten under control; bank holdups were reduced to a minimum; the 23

September League was stamped out. The police records are there; I'm not making these things up. I left my post with a clear conscience. I gave a press conference and emphasized everything that had been done."

To Durazo Moreno, "honor is the most important thing, and therefore it is important for you to tell the truth. All of the bad stuff has already been published. Now tell the good part, write the truth."

"Don't do me any favors," he stressed. "Just tell the truth. Check out everything that I'm telling you and see whether it's true or false. I beg you to do this because my family is involved."

With regard to his proclaimed "innocence," Durazo Moreno merely stated that "that is being demonstrated now during the trial. The houses that they say were mine, where they found weapons and other things, no longer belonged to me when they searched them. I had already left, and not out of fear because a person who owes nothing fears nothing."

The interview was interrupted when the court clerk handed Durazo a record of the proceedings for his signature.

"You can leave now, Mr Durazo," she told him after he signed what had been typed up about the testimony of the two witnesses.

Only two of six witnesses showed up yesterday: Federico Legorreta Sakar, the sole administrator of the Totomastitla real estate company, one of the five that bought the Ajusco properties from Durazo Moreno; and notary public 79, Gilberto Miranda Perez, who drew up the documents for the sale of the residential complex at kilometer 23.5 of the Mexico City-Cuernavaca Highway.

The two witnesses, who appeared at the request of the Public Ministry, said that they were unfamiliar with the facts of the case against Durazo Moreno.

The purchasers of Durazo Moreno's holdings who were subpoenaed and did not appear were Ricardo Gonzalez Cornejo, Alejo Peralta, Marco Tulio Ramirez Campos and Pablo Fontanet.

It was reported in the 26th criminal court that these individuals would be fined 10,300 pesos and, if they fail to observe the other summons, pursuant to police urging, and if they continue to ignore the court order, they would be jailed for an incommutable period of 36 hours.

Durazo Moreno's former private secretary, Daniel Molina, and his former chief of operations, Arturo Marban, who was also head of the auxiliary offices of licenses, are scheduled to appear today at 1000 before Judge Maria de Jesus Medel Diaz.

8743
CSO: 3248/584

DURAZO DEFENSE IN WEAPONS CASE TIED TO PROPERTY OWNERSHIP

Mexico City EXCELSIOR in Spanish 8 Jul 86 p 5-A, 31-A

[Article by Rafael Medina C.]

[Text] Juan Velazquez, Arturo Durazo Moreno's defense attorney, submitted several documents to eighth district criminal court Judge Juan Silva Meza in an attempt to refute the weapons stockpiling charge that the Office of the Attorney General of the Republic has filed against the former police chief.

The documents include the deeds to the mansion at kilometer 23.5 of the federal highway between Mexico City and Cuernavaca, which show that when the Federal Judicial Police found the weapons, the property no longer belonged to Durazo Moreno.

The federal judge was also given a document from a notary public that states that when Durazo Moreno handed over his Ajusco residence to several real estate firms, there were no weapons there.

Velazquez feels that in light of these document Judge Silva Meza must conclude that the charges against his client are groundless, inasmuch as if weapons were really found there, they belonged to the new owners, not to the former police chief.

Nevertheless, the submission of the documents was challenged by the government attorney attached to the court, who appealed the judge's decision to accept them.

Durazo Moreno is on trial in this court for the crime of weapons stockpiling, a charge that in his attorney's judgment is groundless because the home in which they were found no longer belonged to Durazo.

Owing to a vacation recess, the proceedings in the 26th common jurisdiction criminal court have been suspended until early August. Proceedings have also been suspended in eighth district criminal court owing to the appeal by the government attorney in connection with the evidence that was submitted; they will remain suspended until a decision is reached on whether the judge's acceptance of the evidence is in order.

8743
CSO: 3248/584

LAW SUBMITTED TO STANDARDIZE MILITARY RANKS, GRADES

PA010335 Managua ANN in Spanish 0048 GMT 1 Jul 86

[Text] Managua, 30 Jun (ANN)--Today the president presented to the parliament a draft resolution to readadapt and establish seven military grades in EPS ranks and within the Interior Ministry structures.

Secretary of the National Assembly Rafael Solis said that the future "Law on Military Posts and Grades" will be a readaptation, owing to the development of the Armed Forces in Nicaragua.

The government-proposed bill will be discussed on Thursday, prior to a speech by Commander Alvaro Baltodano, EPS chief of area formation.

The proposed law establishes the official ranks of army general, lieutenant general, major general, brigade commander, colonel, lieutenant colonel, major, captain, 1st lieutenant, lieutenant, and second lieutenant.

At present, the existing Nicaraguan military grades are brigade commander, commander, subcommander, captain, 1st lieutenant, 2d lieutenant, 1st sergeant, sergeant 2d class, sergeant 3d class, and private 1st class.

The future law draft states that the present military ranks, which have been in effect since May 1980 according to a governmental provision, will be reformed as the present structures "have reached a superior stage, with more and better weapon techniques."

The document adds that the EPS has been establishing and broadening relations with other countries' armies, which "makes us adapt our military ranks to those used internationally."

It was also learned that the FSLN will ask parliament on Thursday to decree 27 June "International Law Respect Day," in honor of the judgement passed by the International Court of Justice of The Hague in favor of Nicaragua's demands.

/6662
CSO: 3248/538

HEALTH MINISTRY NOTES SPREAD OF CONTAGIOUS DISEASES

Dengue Statistics

Managua BARRICADA in Spanish 12 Jul 86 p 1

[Text] The MINSA [Ministry of Health] has warned the Nicaraguan population about an increase in five infectious-contagious diseases. Meanwhile, in the city of Leon, a general alert has been declared because of a rise in the incidence of diarrhea.

The diseases included in this alert are: diarrhea, meningitis, measles, dengue, malaria, rubella, and rabies. To date the MINSA has found 299 positive cases of dengue fever. Of these, 22 patients are being treated as presumed cases of hemorrhagic dengue.

Ministry of health sources indicated that the climate changes in May and June have increased the incidence of these diseases.

Last year a half million persons suffered from dengue, and 16 persons died from its hemorrhagic variety.

Health Alert in Leon

Managua BARRICADA in Spanish 12 Jul 86 p 8

[Article by Noel Mendoza]

[Text] Leon. A state of alert about an epidemic outbreak of diseases, primarily diarrhea, measles, rubella, meningitis, and dengue, has been declared by the regional MINSA and FSLN [Sandinist National Liberation Front] officials and the Leon mass organizations in Region II of Nicaragua. An appeal has been made to the population of western Nicaragua to cooperate in efforts to clean up and eliminate possible breeding sources for the mosquitoes which transmit dengue fever.

Dr Juan Antonio Quant, MINSA's regional delegate, stated that there has been a 400 percent increase in cases of diarrhea among children; in addition, 52 cases of measles have been reported, and "Aedes aegypti" mosquitoes have been spotted within a radius of 21 blocks from the Fundeci, Guadalupe, Villa 23 de Julio, and San Felipe districts.

Quant noted that last year 60 percent of Leon's population suffered from the ravages of "break-bone fever," as the first stages of the disease transmitted by the "Aedes Aegypti" mosquito are known. This disease leaves the person with a lowered resistance, and susceptible to contracting hemorraghic dengue.

Steps Taken for Health Centers

To cope with the epidemic outbreak of these diseases, the authorities have directed health centers to extend their hours of service to the public. The William Rodriguez health center and the Barrio Subtiava health center will be open from 0700 to 2000 without interruption, and on Saturdays from 0700 until 1100.

Because of its strategic location, the Perla Norori health center will remain open from 0700 to 2200, and on Saturdays from 0700 until 2000 without interruption.

Meningitis

There have been 15 new cases of meningitis reported this week. This disease is affecting school-age children.

Dr Quant urged parents not to overuse household remedies or to resort to self-medication, especially for meningitis, as there is no appropriate medication for this disease. The best thing is to bring the patient to the nearest health center. In addition, he recommended taking proper hygienic precautions, such as sterilizing all household utensils.

He said that each citizen should serve as a people's brigade member. If not, he warned that "the results could be catastrophis for this region."

The women's group, AMNLAE, immediately urged its members to conduct door-to-door information campaigns. It also asked market vendors to keep their stalls clean and to use special care in handling foods sold to consumers.

7679
CSO: 3248/581

FRG ACCEPTS GOVERNMENT POSITION ON INCIDENT

PY282035 Asuncion HOY in Spanish 23 Jul 86 p 11

[Text] Bonn, 22 Jul (DPA)--The FRG Government has accepted the position taken by the Paraguayan Government regarding an incident in Asuncion in late April, in which German diplomat and a television crew were pushed and beaten by the police.

This was announced today by a spokesman of the FRG Foreign Ministry in Bonn. He added that the ministry has received information on the incident from the FRG ambassador in Asuncion, Konrad Gracher.

In mid-May the FRG Foreign Ministry summoned the Paraguayan ambassador in Bonn, Victor Manuel Godoy, to vigorously protest the unacceptable actions against the German citizens, and to demand an explanation from General Alfredo Stroessner's government regarding the incident.

The Paraguayan Government, according to the spokesman, has formally agreed to allow the Paraguayan courts to identify and punish the policemen guilty of the attacks, to see that events of that nature are not repeated in the future, to let the accredited press freely practice their profession, and to respect diplomatic immunity.

Armin Steuer, former press attache at the FRG Embassy in Asuncion, who suffered from police violence in the incident, is now back in the FRG.

Gracher, too, will soon be replaced. Ambassador Richard Luis, until now accredited in Singapore, will take over the FRG diplomatic mission in Asuncion at the beginning of August. The FRG Foreign Ministry has indicated, however, that these changes are due to a normal rotation of personnel and that they are not related to the incident.

/9274
CSO: 3348/695

BRIEFS

DEMONSTRATORS PROTEST 2 DEATHS--More than 1,000 people have staged a demonstration in the Paraguayan city of Caaguazu to condemn the murder of two peasants at the hands of an officer of dictator Alfredo Stroessner's army. Defying road blocks and threats, demonstrators denounced that the regime punishes peasants that occupy land to make a living with death. Youths Francisco Martinez and Aurelio Silvere were killed when they, together with 34 families, were in the process of settling on a large estate owned by a German citizen. [Text] [Havana International Service in Spanish 1800 GMT 25 Jul 86 PA] /9274

CSO: 3348/695

FOREIGN MINISTER IGLESIAS MEETS PRESS ON LEAVING HUNGARY

LD240917 Budapest MTI in English 0740 GMT 24 Jul 86

[Text] Budapest, July 24 (MTI)--Uruguayan Foreign Minister Enrique Iglesias, who visited Hungary on the invitation of Hungarian Foreign Minister Peter Varkonyi, met the press before his departure.

He told that his visit had both political and economic targets. Despite their diverging social systems, Hungary and Uruguay had many common political targets, including the protection of peace, the observance of international law and the promotion of dialogue between states of diverging social systems. All this is a precondition of the extension of economic cooperation.

The value of Hungarian-Uruguayan trade does not reach annual 10 million dollars, which is, despite the 40 year old past of relations, is little, stated Enrique Iglesias. Therefore the Budapest talks determined the possible fields of extending cooperation. In addition, the recently established joint enterprise will open the way for other ventures to find partners for the Hungarian economy not only in Uruguay but also in Latin America, and vice versa, for Uruguay to reach the other socialist countries through Hungary.

On the coming GATT conference to be held in Punta del Este, Uruguay, Enrique Iglesias stated: It will be one of the most important international economic events of the near future, and expected to be of great importance in the life of Latin American countries. It will take place in a period when, due to increasing protectionism, the raw material producing countries face growing sales difficulties as their incomes are reducing and debts increasing.

Concurrently with the GATT conference, Latin America will initiate the reform of the international monetary system and the reduction of international interest on credits in order to stop capital outflow. The economic development of the Latin American countries will contribute to strengthening their political power.

The crisis in Central America has to be solved by respecting the principle of non-interference and the countries' sovereignty in choosing political and economic system and stopping the support of irregular forces in the region, stated Enrique Iglesias.

/6091
CSO: 3300/85

BRIEFS

JOINT VENTURE WITH HUNGARY--Budapest, July 22 (MTI)--A contract was signed in Budapest Tuesday on foundation of the Hungurex S.A. Hungarian-Uruguayan joint venture. The owners of the new joint venture are: For Hungary, the Hungarotex Foreign Trade Company and the Hungarian Foreign Trade Bank Ltd, and for Uruguay there is one institute of finance, and one wool producer and distributor. The company is to handle general commercial activity, joining in international trade life, thus helping to advance trade turnover between Hungary and Latin America. The joint venture is to be headquartered in Montevideo, and it will be jointly managed by the partners to the contract. [Text] [Budapest MTI in English 1826 GMT 22 Jul 86 LD] /6091

CSO: 3300/85

CARICOM ISSUES COMMUNIQUE ON ESSEQUIBO DISPUTE

Caracas EL DIARIO DE CARACAS in Spanish 6 Jul 86 p 15

[Text] Georgetown--The heads of government of the 13 English-speaking nations of the Caribbean meeting in Georgetown urged Venezuela and Guyana to continue the search for a peaceful solution to their territorial dispute over the Essequibo frontier region.

At the end of the seventh summit meeting of the Caribbean Community (Caricom), the prime ministers published a communique in which they "take note of the steps taken by both countries to solve the problem and urge them to continue the search for a peaceful solution."

The thirteen recommended "that both parties cooperate fully with the United Nations secretary general in carrying out the mandate given him by the 1966 Geneva Accord to find the basis for an agreement."

"The heads of government welcome the recent improvement in relations between Guyana and Venezuela and express the hope that this will permit the growth of friendship and cooperation between them," the communique says.

Furthermore, in an interview with AFP, the president of Guyana, Desmond Hoyte, stressed the "very cordial, friendly and warm" relations currently maintained by both nations, and expressed his confidence in the action of the UN secretary general.

All the chiefs of government of the 13 member countries attended the Georgetwon meeting except those of Antigua, represented by the vice premier, and Grenada, represented by its foreign minister.

The Caribbean nations meet annually to discuss the various problems that affect the English-speaking Caribbean region.

12856/9835
CSO: 3348/687

PRAGMATIC APPROACH TO ESSEQUIBO DISPUTE URGED

Caracas EL DIARIO DE CARACAS in Spanish 28 Jun 86 p 16

[Article by Anibal Romero; first paragraph is EL DIARIO DE CARACAS introduction]

The central problem of the Venezuelan claim to the Essequibo region is within: We have not been capable yet of formulating a negotiating position that is at the same time realistic, firm, and limited. We do not know what a "practical solution" is.

The statements of the Guyanese president, Mr Desmond Hoyte, published in EL NACIONAL 23 June 1986 are a masterly exercise in diplomatic ambiguity and political sophistication that once again exposes the dilemmas Venezuela faces in its claim on the Essequibo region.

Several Venezuelan politicians and international specialists, including the foreign minister himself, have given their opinion that Hyote's points of view were generally "positive" and point in an encouraging direction.

In reality, if analyzed carefully, one discovers rather a new manifestation of subtlety and ambiguous manipulation of the factors in play, which the Guyanese leaders have carried out a number of times in the past.

In effect, on the one hand Hoyte says he is "in favor of finding a practical solution" to the controversy, and claims to be "open to all initiatives (but this is something they have said before, and, as we know, the problem is to define what is understood by a "practical solution"). On the other hand, however, Hoyte applies the traditional Guyanese "cold bath" when he states that "one cannot expunge history and say that the 1899 Arbitration Award does not exist" (for the Guyanese the "practical solution" has always included the precondition that Venezuela demonstrate the nullity of this Award).

I don't want to be the wet blanket at the party, and I am ready to admit that the style, and to a certain extent the content, of Hoyte's statements reveal flexibility and an apparent readiness to come closer. I must say, however, that we Venezuelans have bad memories, and the fact is that on other occasions, when the Guyanese considered it tactically opportune, situations came about that are not too different from the present one. The

big problem, as we shall see further on, is that Venezuela is not able to evaluate concretely the readiness of Guyana to reach an agreement implying territorial cessions because we lack a negotiating position; in other words, we do not know what we want.

It is worth recalling briefly where we are coming from and where we are in connection with the Essequibo claim. According to the agreement in Geneva in 1966, Venezuela and Guyana, through a "Mixed Commission," held bilateral discussions for 4 years without coming to any result (the "saw got stuck in the groove" over the validity--or invalidity--of the Award). In 1970, the Port of Spain Protocol froze the matter for 12 years. In 1982 Venezuela refused to extend the Protocol and we returned to the Geneva Accord. Since then we have been waiting for the UN secretary general to choose one of the methods for the peaceful solution of conflicts provided for by the UN Charter so as to continue the process. Venezuela trusts that a predominantly political solution be chosen, allowing the parties to seek a "practical" arrangement (that is, a "five and take" negotiation that will not bog down in technicalities). Guyana would seem to want the same thing, for it knows that otherwise relations with Venezuela, relatively promising at present, would darken again, which is something they don't want at this time.

If the UN secretary general chooses a method that once again places the parties face to face (such as the so-called "Contact Group"), Venezuela will have managed to avoid the worst, but this in itself will not define our negotiating position. President Hoyte maintained that he "would be ready to discuss a way out to the Atlantic for Venezuela"; the difficulty is that we Venezuelans do not know what "way out" we want, nor the dimensions that a Guyanese territorial cession would need to have in order to satisfy us in practice.

As I see it, Guyanese strategy has been and is simple, consistent, and successful: In a first stage, between 1966 and 1970, the internal political weakness of the new Guyanese state forced them to assume a very intransigent attitude. Since the middle of the 1970's, they have become more flexible, so as to obtain benefits in the relationship with Venezuela without this leading to the cession of any territory by them. At the present time the Guyanese leaders are confident of their capacity simultaneously to prolong the discussions over the controversy and to extract positive results in various aspects of their relations with Venezuela, for they know that we lack clear objectives, a negotiating position that is even moderately coherent, and any concept of the costs we would be willing to pay to achieve certain purposes.

Venezuela is caught in a trap that we ourselves have built: It is impossible that Guyana will accede by peaceful means to return to us what we are claiming; at the same time, we donnot know what the minimum is that we would be prepared to tolerate in the definition of a "practical solution," and there will always be somebody to say "All or nothing, anything else is high treason." For this reason, in this area our diplomacy is drifting aimlessly, and nobody, no particular government, is "to blame." It is

everybody's problem, arising from our unrealistic way of facing international relations, the emotionalism that blinds us, and our contradictions (we want to be "in good" with the Caribbean and the Third World, and at the same time we claim two-thirds of a Third World nation, a colored nation that is a member of the UN and of the Nonaligned Group of Nations). In this matter, the key difficulties are within ourselves. Great courage and decisiveness will be required of our leaders to bring about an internal consensus on a negotiating position that is at the same time realistic, firm and limited. The other possibilities are either war (not to be discarded a priori but the probable costs of which for now amply exceed the possible gains), or the continuation of esoteric diplomacy.

12856/9835
CSO: 3348/687

AD, COPEI PRESIDENTS END PARLIAMENTARY CRISIS

Caracas EL UNIVERSAL in Spanish 20 Jun 86 p 1-13

[Article by Alirio Bolivar]

[Text] The talks between the presidents of the Democratic Action and the COPEI had an immediate effect, and beginning was made in finding a means of resolving the parliamentary crisis.

The parliamentary faction of the main opposition party voiced its hope that the Chamber of Deputies will begin its work again next week with a view to the approval of a complex of pending laws.

Dr Abdon Vivas Teran admitted that a path had been cleared toward the resolution of the crisis after talks were held by Dr Gonzalo Barrios and Dr Godofredo Gonzalez.

"The presidents of the AD and the COPEI blazed a trail which, if properly followed, may lead to an overall, equitable and healthy solution for the institutions which have suffered due to this clash between the opposition, acting unanimously, and the government," this Social Christian leader added.

He said that since the beginning of the crisis, the COPEI has held the view that defense of the right of minorities to express their views and the right of the parliament to exert control over the public administration must not be minimized by anyone. However, this did not prevent him from stating at the same time that the main opposition party has a very open approach now toward conciliation and possible settlement.

Vivas Teran hopes for an overall solution to the crisis, and he would urge the legislature to get to work and to resolve the impasse resulting from the motion to censure the president of the Permanent Control Commission, Deputy Paciano Padron.

The head of the Social Christian parliamentary faction also hopes that in the end, both the Democratic Action and the government will be forced to accept the sensible thesis, which would prohibit the violation of minority rights and would seek a means of ensuring that the controlling authority, which the COPEI believes should be properly regulated, can be fully operative.

"The sensible thing is to seek a solution whereby a deputy would not be subject to disciplinary penalties for launching an investigation of an administrative nature based on definite evidence."

He was asked if he agreed with Dr Gonzalo Barrios that the parliamentary crisis was ridiculous.

"In my opinion, the debate was justified, because an effort was being made to impose a means of coercing deputies, in violation of the constitution and the laws. The minority, acting as the coordinator of the opposition, made use of every means to prevent the imposition of a censureship motion which was an unsuitable, irregular and inimical, as well as arbitrary, procedure. It is my hope that the crisis will be resolved as soon as possible," he responded.

5157
CSO:3348/669

AD, CONGRESSIONAL OPPOSITION DECLARE TRUCE

Caracas EL UNIVERSAL in Spanish 20 Jun 86 p 1-13

[Article by J.V.]

[Text] The Democratic Action and the opposition agreed upon a truce yesterday in the exhausting war being waged in the parliament in connection with the motion to censure the president of the control commission, Paciano Padron.

This agreement was reached at a meeting of the General Commission of the Chamber, attended by the deputies' officers and the heads of the parliamentary factions, as well as the president of the congress, Reinaldo Leandro Mora, who was especially invited to attend.

The conditions which will govern the truce are, generally speaking, the following: without abandoning their respective positions as to the reasons for the clash, the parliamentary factions represented in the Chamber agreed to intersperse sessions of debate on the Padron case, in reality the issue of denunciations of irregularities in the distribution of milk to the people, with the discussion of various pending priority draft laws, as well as other subjects of primary interest, such as the university conflict.

In order to achieve these goals, the General Commission agreed that the Chamber will meet from Monday to Friday, in the morning and the afternoon, in order to attempt to deal with all the pending matters without requiring recourse to an extension of the sessions, although this possibility has not been excluded, either.

On the other hand, it was agreed to appoint a special commission, made up essentially of the leaders of the parliamentary factions, who will act with goodwill as mediators to find a solution to the conflict which threatens to paralyze our national universities.

The most important factors which led to the truce established included the public concern about the fact that the congress has neglected its legislative functions because of the excessively quarrelsome political attitudes.

There was also talk of the consensus existing in the Chamber on taking up the discussion of draft laws such as the amendment of the Federal District Law,

amendment of the BANAP Law, the Labor Conditions and Environment Law, partial amendment of the Law on the Environment and the amendment of the Central Bank Law.

However, some leaders of leftist factions reiterated their specific rejection of the statements made by Senator Gonzalo Barrios and other AD and COPEI spokesmen in the Chamber in the morning, arguing that a debate in defense of the controlling authority of the congress could not be viewed as something discrediting that body, and that in any case, the issue involved is the perquisites of parliamentary office.

The curious thing about the truce proposal was that although it was the product of intensive efforts at conciliation made by Reinaldo Leandro Mora, Leonardo Ferrer, Gonzalo Barrios, Godofredo Gonzalez, and Pompeyo Marquez, among others, it was proposed in the Chamber by Deputy Orlando Fernandez (Independent-MAS), one of the most vehement speakers in the debate on the irregularities in the distribution of powdered milk, and the author of the proposal to withdraw all the opposition factions from the Chamber.

Another incident meriting note is the fact that while the proposal for convoking a session of the General Commission in order to reach a truce was being debated in the Chamber, Deputies Gonzalo Perez Hernandez (MIN) and Federico Ramirez Leon were engaged in a verbal exchange so violent that it was feared that they might come to blows at any moment.

The impasse developed when Perez Hernandez spoke in support of the proposed truce, but took the opportunity to blame the AD for what he called a ridiculous situation, adding that the CEN of that party was exerting pressure to conceal the "criminal manipulations of the party."

The head of the AD bench, Carlos Canache Mata, responded to this with a furious and categorical denial of what Perez Hernandez had said and a request that, in accordance with the Chamber regulations, these epithets be struck from the daily record of debates.

Perez Hernandez countered with a reassertion of what he had said before, whereupon Federico Ramirez Leon approached his fellow parliamentarian's seat and a violent discussion ensued.

5157
CSO:3348/669

AD SUPPORTS ADMINISTRATION'S PLAN TO REDUCE 1987 DEFICIT

Caracas EL UNIVERSAL in Spanish 30 Jun 86 p I-14

[Article by Jorge Villalba]

[Text] The National Executive Committee (CEN) of Democratic Action agreed yesterday to support the government in its efforts to close the fiscal gap projected for 1987 by expanding the capacity of the Central Bank of Venezuela (BCV) to finance public spending, and through other means planned by the executive branch.

In this regard, it was decided that the majority in Congress will vote for the proposed reform of the Central Bank of Venezuela Act, which will increase this entity's ability to absorb public bonds amounting to as much as 40 percent of the nation's average annual income. This would give the administration an extra margin of more than 30 billion bolivares to make up for the fall in oil earnings.

It was also agreed that the AD congressional delegation will support the bill that would create the Exchange Compensation Fund, which authorizes the executive branch to float bonds for the debt in foreign currency to pay off the private debt. AD also voted to back the administration's proposal to draw up a memorandum of agreement which will be sent to Congress to close out the settlement of the petroleum nationalization claims. Thus, the government will obtain in compensation over 1.6 billion bolivares from the Guarantee Fund of the former petroleum concessionnaires.

These and other decisions were made at the meeting held yesterday at the presidential residence La Guzmania, in Macuto. President Jaime Lusinchi was present along with the Democratic Action CEN and most members of the Executive Cabinet.

The meeting, which lasted into the late afternoon (with a break to enable participants to see the final game of the World Soccer Cup and to have lunch), began with a speech by President Lusinchi and another by AD President Gonzalo Barrios. The latter presentation was very scintillating, according to some of the participants. Other speakers were Finance Minister Manuel Azpurua, Development Minister Jose Angel Ciliberto, Agriculture Minister Felipe Gomez

Alvarez, Secretary of the President's Office Carmelo Lauria, and Minister of Basic Industries Hernan Anzola.

In the final portion of the meeting, the agenda of the AD National Political Committee (CPN) was outlined, and there was some discussion of the political reforms proposed by the COPRE. Key AD leaders have reservations about these reforms, contending that conditions are not right for all of these innovations to be implemented immediately. This was conveyed to COPRE President Arnoldo Jose Gabaldon, who also attended the gathering in Macuto.

Deficit: BCV Financing or More Taxes

One of the most important points studied at La Guzmania was the budget deficit for fiscal 1987. Conservative estimates peg that deficit at 15 billion bolivares, although it could go as high as 25 billion.

It was felt that expanding the capacity of the Central Bank to finance public spending through greater absorption of indebtedness bonds is one of the few feasible short-term solutions to the budget shortfall. According to one participant in the meeting, the other immediate alternative would be to raise some taxes, but that measure was deemed inappropriate at this time.

As for COPEI's comments on this reform and the warning that it could lead the country's economy down the path followed by Argentina and Uruguay, due to the abuse of unbacked currency issuances, Reinaldo Leandro Mora, president of the Congress and vice-president of AD, stated that the economies and the situations are quite different.

According to Leandro Mora, the fact that a 40-percent ceiling has been proposed for the BCV's absorption of bonds does not mean that all of that capacity will be utilized. He also indicated that in any event, what matters is the ultimate use of those funds; in other words, they must be used wisely. The reason the reform is necessary, he went on, is that the country must be protected from a risky situation resulting from the decline in earnings.

"These radical comparisons," he commented in response to COPEI's reference to the countries of the southern cone, "are not the most sincere . . . They ignore the individual characteristics of Venezuela's economy and its situation, which are quite different from what is going on in those countries."

"Personally, I favor passage of this reform in the final days of this session," he added, regarding COPEI's request to postpone the matter.

Nationalization Claims: Most Difficult

Another point that was carefully studied at the AD-government meeting was the petroleum nationalization claims.

In addition to noting that it is very unlikely that the Supreme Court will rule in favor of the nation, Dr Gonzalo Barrios stated that even if Venezuela did win in court, it would be even more difficult to obtain a lien on the

property of U.S. companies in that country's courts. Another point that should be considered is the cost of a trial in U.S. courts and the attorney's fees Venezuela would have to pay to have its interests represented there, with very little likelihood of any return on the investment.

In this respect, the government party supports the idea of a memorandum of agreement with the defendant companies. Such a memorandum would be submitted to Congress for its approval as a contract in the national interest.

Support will be sought among the other majority political forces, but if it is not obtained, said an AD spokesman, "we will take the historic responsibility of settling the claims for the country."

8926
CSO: 3348/685

FEDECAMARAS, COPEI ON REFORM OF BCV LAW

FEDECAMARAS Viewpoint

Caracas EL NACIONAL in Spanish 30 Jun 86 p D-11

[Text] In the view of Carlos Ramirez Machado, first vice-president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry (FEDECAMARAS), the bill to reform the Central Bank of Venezuela (BCV) Act appears to be an attempt by the government to solve the problem of the deficit in the next few years without taking into account that it is better to adjust current spending.

Ramirez Machado stated that opening up the possibility of the BCV's issuing as much as 40 billion bolivares in public indebtedness bonds will exert inflationary pressures with unforeseeable consequences.

"If Congress does not have absolute control, something which the Democratic Action AD majority does not provide for, the administration could put a very dangerous amount into circulation, and could unleash the galloping inflation that the countries of the Southern Cone have had to contend with in recent years."

The business leader pointed out that the current provision regarding the bonds may call for a small amount, but the total will rise to an exceedingly dangerous level if it multiplies under the proposed reform.

The first vice-president of FEDECAMARAS indicated that it is important to understand that expanding the Central Bank's capacity should be done in a moderate manner to allow it to intervene in the market more than it does at present, but without reaching the extremes that have been proposed in this reform bill.

When he mentioned the adjustment of current spending, Ramirez Machado said that this should make it possible to run the economy in a healthier way that will teach Venezuelans to live within the limitations of the current situation, and not continue down the path of fiscal disaster.

As for the legislative motion to create an Exchange Compensation Fund, he said that it could be positive, in his opinion.

"What we do not find positive is the replacement of the nationalization claims of the hydrocarbons industry with claims of the Compensation Fund."

He said that Venezuela should take the claims all the way to the Supreme Court of Justice. Otherwise, it would appear to be abandoning a position that the country has always considered legal, and would change it without knowing the real reasons behind the decision.

He stressed that Venezuela should solve the matter of the petroleum nationalization claims in the Supreme Court and continue to pursue its case.

COPEI Viewpoint

Caracas EL NACIONAL in Spanish 30 Jun 86 p D-11

[Article by Jorge Villalba]

[Text] COPEI has warned the government that the proposed reform of the BCV Act will have very serious consequences for the country's economic and social life, and has requested that the congressional debate be postponed so that other alternatives can be sought.

The new legal instrument being studied by Parliament was analyzed yesterday by a technical-political team of Social Christians, comprised of Secretary General Eduardo Fernandez; Chamber of Deputies President Leonardo Ferrer; the chief of the congressional delegation, Abdon Vivas Teran; the COPEI spokesmen on the Finance Committees of the Chamber and the Senate, Luis Enrique Oberto and Valmore Acevedo Amaya; former Ministers of Energy and Mining Hugo Perez La Salvia and Jose Ignacio Moreno Leon; and former BCV Directors Jose Angel Velasquez and Francisco Faraco.

Eduardo Fernandez took advantage of a break in the meeting to report to the press the position COPEI has taken on the reform of the BCV Act. The Social Christians believe that this reform would pave the way toward the Argentinization or Uruguayization of our economy at precisely the wrong time.

In this regard, the COPEI secretary general expressed his hope that the most serious and responsible sectors of AD will listen carefully to these arguments and bear them in mind today during the meeting between the president of the republic and the party's executive committee, along with the economic cabinet. The meeting will be held at the presidential residence in Macuto, La Guzmania, and this issue will surely come up.

More Money, Less Autonomy

"In the name of the highest interests of the nation," Eduardo Fernandez began, "COPEI patriotically urges the government and the parliamentary majority not to ram through bills with extremely serious consequences for the country's economic and social life in the 5 days that remain in this congressional session."

He emphasized three of these bills in particular: the reform of the BCV Act, the Organic Law of the Exchange Compensation Fund, and the Accident Prevention and Work Environment Act, which in his party's view should be carefully studied.

For this purpose, he announced, the green party is willing to reach an agreement with the government party to defer discussion of these bills until the second session of this year, which begins on 1 October. The Finance Committee would remain active during the recess in order to conduct a broad national consultation on the impact these measures would have on the country's economy.

He indicated that his party is also willing to vote for a delay in the congressional deliberations, which would allow for the calm evaluation of the delicate issues that are at stake. Another possibility would be to hold a special session.

With regard to the reform of the BCV Act, Eduardo Fernandez stated that two extremely important proposals are being made:

"The Central Bank would lose its autonomy in the orientation of monetary policy with the passage of an article that allows the president of the republic to remove the BCV president with complete freedom. This practice is certainly contrary to the norms that govern all central banks in the world."

"In the second place, however, what is far more serious," he went on, "is the danger of using the Central Bank as a means for eliminating the budget deficit by printing money with no backing. In other words, the Central Bank would become a money printing machine, with no support from the country's productive apparatus."

The COPEI secretary general commented that this measure would amount to adopting, 20 or 30 years later, the same policies that were pursued in Argentina and Uruguay, with such tragic economic and social consequences and the ensuing crisis in the democratic political institutions.

"COPEI would like to make it clear from the outset that the reform of the BCV Act represents an effort to limit the autonomy of the Central Bank and to expand the bank's capacity to finance the budget deficit and public sector spending. This is an ad hoc proposal designed to cope with budgetary difficulties through the artificial means of manufacturing money, while so far no economic policy has been defined to effectively reactivate the country's productive apparatus."

He indicated that instead of making more money by stimulating productivity, labor, and the performance of the economy, the government is yielding to the temptation of making the BCV a tool for solving the problem of the decline in fiscal revenues. In his party's opinion, this decline is due not only to the drop in oil prices, but also to the errors in the goverment's budget policy, which has entailed conscious and deliberate deficit spending.

"The government is also trying to deal with the huge balance of payments deficit and the reduction in monetary liquidity by issuing unbacked currency, and the public should be aware of the serious consequences that such a policy would have. History and the example of other countries show that printing money with no backing is followed by severe devaluation, and then by galloping inflation, with a substantial erosion of the population's real income."

Government's "Petty Cash"?

In another part of his presentation, Fernandez warned that the reform of the BCV Act cannot be regarded as simply a technical-financial issue, but is a very basic political problem which will have an impact on the present and especially the future of the country.

"Now that oil is no longer a source of income to finance a policy of untrammeled public spending, the government has opted for the most disastrous alternative, inflation. This is not a solution, it is an economic scourge. Meanwhile, it has not defined an economic recovery policy to mobilize the country's productive resources; rather, it wants to give Venezuela a larger dose of the same old medicine that failed yesterday, during the times of plenty when petrodollars were in abundant supply. That remedy is even more likely to fail now, with money coming from unbacked currency issuances and the manipulation of the Central Bank of Venezuela."

Eduardo Fernandez asserted that the government could show the country how serious it is if it accepted his party's recommendations, so that time could be taken to engage in the necessary consultations on the matter.

The Social Christian leader cited an opinion issued by the National Academy of Economic Sciences regarding the proposed reform, an opinion which he termed very important, given the quality of the observations.

"The National Academy of Economic Sciences calls attention to the modification of Article 54 of the law, which is the one that would have the most inflationary consequences. The government's desperate need for money to cover the budget deficit, which the administration itself estimates at more than 25 billion bolivares, cannot be satisfied by expanding the Central Bank's capacity to absorb public bonds and to make loans to the government."

The Social Christian leader also sounded the alarm about another reform, which he labeled "extremely dangerous."

"In this reform, the government is trying to eliminate all the restrictions current law imposes on the Central Bank in the sense of prohibiting it from engaging in transactions that would reduce the institution to a kind of Venezuelan Corporation for Development (CVF) or Industrial Bank, or even a Corpomercadeo: in short, a source of 'petty cash' for the government."

When asked about the alternatives COPEI could propose to the administration and to Democratic Action to correct these deficiencies, he indicated that while his party is willing to help in the search for solutions to the most

pressing fiscal problem, "the essential solution is to outline a policy of economic recovery."

As for the ability to remove the president of the BCV, Fernandez stated that it would be a grave error, because this official must enjoy great stability, given the vital functions he carries out.

"I would like to see a reform that would allow for the monetary official to be selected at the beginning of each administration so that there will be consistency between the new government's fiscal policy and the monetary policy of the Central Bank. For this reason, the stability of the Central Bank president is as important as that of the general comptroller of the republic or the justices of the Supreme Court."

He noted that it would be even better for the appointment of this high official to be subject to congressional approval, as is the case now with other high officials who are designated by consensus under the so-called Institutional Pact.

"If the government gives us time, COPEI is willing to submit a document which we are preparing, and which we would deliver to the president of the republic. Our alert is aimed at calling attention to the danger that the cure might end up aggravating the illness."

FOCOCAM and Work Environment

In conclusion, Eduardo Fernandez pointed out that in addition to the reform of the BCV Act, his party also has comments on the bills for the Exchange Compensation Fund and the Accident Prevention and Work Environment Act.

Regarding the first measure, he contended that it would transfer the private foreign debt to the state, which should be subject to more discussion and analysis. In the second case, the Social Christians believe that the cost to business of enforcing such legislation has not yet been calculated accurately enough. He explained, however, that they agree in principle with its philosophy and intent, but they feel that its provisions could be coordinated with those of the bill for the new Organic Labor Law which former President Caldera introduced and is now under study.

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